BY THE SAME AUTHOR.

ARBITRAGES ET PARITÉS.

Traité des Opérations de Banque contenant les usages commerciaux, la théorie des Changes et Monnaies et la Statisque monétaire de tous les pays du globe. Septième édition, 1887.

Paris: J. H. Truchy. London: Effingham Wilson & Co.

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"This is a work of a rare kind indeed. . . . Amongst books of reference it has not its equal on the Continent, and English students of banking and monetary affairs will find in it a perfect mine of most valuable and sometimes rare information. . . . The Chapter referring to the Chinese monetary system, and to bullion operations with the Far East generally, are considered by competent authorities the best ever written on the subject.—*English Press.*

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WÄHRUNGS-POLITIK und MÜNZ-STATISTIK.

1884. Berlin: Walther & Apolant. *Price, Mk. 4.*

THE MONETARY QUESTION.

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THE

MONETARY QUESTION

IN 1892.

BY

OTTOMAR HAUPT.

"Monetary questions are, without exception, practical questions, and should, in my opinion, not only not be decided, but not even approached and discussed, except after the study of the facts and of their relations."

LEON SAY, *President of the Monetary Conference of 1878.*

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PREFACE.

IN the present state of the *Monetary Question*, when really all parties have been heard, and all the *pros* and *cons* of the case submitted to endless discussions on both sides, the value of a new book on the subject may appear doubtful indeed. Nor is it my intention in the least to revive the "*battle of standards*," which, besides, for me has been lost entirely for silver, since the time the United States have signally failed to contribute to any extent to the rehabilitation of the white metal, while these enormous purchases have even not prevented a further depreciation unheard of in the monetary history of our times. From that moment all my attention has been turned to *gold*, which under the circumstances can alone in future form the metal for good and honest money.

It is my firm belief that in this direction alone lies now the task of the great commercial

nations, who pursue a sound monetary policy and who wish to set their disorganised currency systems to order. *Austria-Hungary*, this is already clear, furnishes a new example in this respect, as all, let it be well understood, *all* the experts in the so-called *Valuta-Enquête* have been pronouncing themselves for the gold standard. And this is as well clear that this country will get enough of the precious metal, nay, even more of it than is really wanted. All the banks of issue are literally crammed with it to overflowing, and the circulation of the great countries is increasing all along with the augmentation of the visible stocks. The scarcity of, let alone the struggle for, gold is a fiction, now-a-days at least; there does not any more exist such a thing as "*a short cover*." The precious metal, like an obedient servant, goes willingly to him who calls it: and if it were not to come at times, as it were almost by itself, we know now how to make it come.

Have we not seen last year how a well-known and often cited Parisian banking-house has ordered gold by the millions of pounds sterling from America, at first to London, then to Berlin, and last but not least, to *Paris*, when there

was no attraction for it by the raising of discount rates—the only means hitherto admitted by the leading economists for the drainage of gold—and, at certain moments even in presence, nay, in the very teeths of adverse exchanges! I have made a special study of these wonderful and to a certain extent quite mysterious operations in a series of articles written for the *Financial Times*, along with their results which partly will be revived in the present book. Other matters of interest have been added on this occasion, and the reader will get an insight into the real state of the *Gold Question*, which by far does not present itself so critically as some writers want to make us believe.

As regards the *Silver Question*, this will be treated with the utmost attention as well, and in this case likewise certain articles addressed to the aforesaid paper, and creating at the time some interest in English financial circles, will reappear in a new dress. It may be stated at once that the statistical data given on this occasion have been most carefully revised by me and brought up to date. The same may be said of the monetary statistics which have been completed, and which indeed advance now all

the figures considerably so far published by other writers, extending as they do to this very year of 1892.

In point of fact, nothing has been neglected by me to render this book interesting and useful to the reader. The local colour, perhaps, may be thought by some to be more or less wanting; besides, the language may at times not come up to the expectations; but it must in both instances not be forgotten that it is a foreigner who writes, and who cannot always have a perfect hold on matters referring to a country he does not inhabit, and which he has to treat in a language not his own.

OTTOMAR HAUPT.

Paris, 28, *Rue St. Georges*,
June 30th, 1892.

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THE MONETARY QUESTION IN 1892.

CHAPTER I.

GOLD.

Two events, which in the course of this treatise will be dealt with separately at some length, and which considered by themselves are of the greatest moment, have of late come to the front and placed this vexed *Monetary Question* once more on the *tapis* in a most impressive way. I speak of the new and heavy decline of silver and of the resolution of the *Austro-Hungarian Government* to adopt the single gold standard as the basis of the future currency system of the country. But this time it appears to the earnest student of the subject before us, that the battle of standards has been fought out, and that silver has been finally defeated. At all events, it is remarkable to notice that all the experts in the

so-called *Valuta Enquête* in the Dual Monarchy have unanimously pronounced themselves for gold, and have left silver in the cold. Another fact to be recorded is the almost disquieting energy displayed by *Russia* to amass an enormous amount of gold as well, for which the country apparently has no use; for the covering of each new issue of notes by a corresponding amount of gold coin or gold bars is, to the initiated observer at least, nothing more than what the French call *un jeu d'écritures.* As nobody in that country has ever thought of returning to specie payments, and, as in that case, the replacing of part of the small notes by silver and not by gold money would be the proper thing to do, it must be assumed at once that the enormous stock of gold collected and hoarded by Russia is nothing more or less than a *war treasure.*

These facts well placed before the reader, it is now of the greatest importance to ascertain what the real position of gold is, and whether, above all, the present supplies, together with the production of the mines, are sufficient to satisfy all the wants in view at present, or likely to be felt in future in the ordinary way by the leading nations.

The question thus asked has, during a certain period, when there really existed a sort of scramble for gold, or when, at least not all the countries which wished to have the precious

metal could get it at once, been often answered in the negative. Yet, to the careful observer of facts particularly in those places where gold most was wanted at that time, it cannot have escaped that after all every nation wanting the metal has been able to get it, and even more of it than really was necessary.

Three countries were entering the scene at the time I speak of,—all three equally desirous to seize upon gold, never mind at what sacrifice it might be obtained. These countries were *Germany*, the *United States*, and *Italy*. Well, all three have obtained all they wanted, and more into the bargain, without any perturbation of any of the money markets of the world. Nay, I go even a step further. All these gold movements, enormous as they were at times, especially as regards Germany and Italy, have been accomplishing themselves without, that *England*, the country the most exposed in this respect, has had to suffer, and in the very teeth of the fact that France has all along with it been able to increase her stock of gold as well enormously.

Here are the figures, which in this respect tell their own tale. Germany had been starting in 1871 her gold standard with the trifle of 90 million marks, or $4\frac{1}{2}$ millions sterling, while at the present moment she disposes of at least 2,500 million marks, or 125 millions sterling, of the precious metal. The United States held in 1875 about 180 million dollars, or 36

millions sterling, a figure which since then has been increased to 670 million dollars, or 134 millions sterling. Italy has likewise been able to acquire about 400 million francs, or 16 millions sterling, although in this case not all the gold obtained has been retained in the country.

Here we have, therefore, an increase of at least 230 millions sterling in the stocks of gold of three countries only. But there is much more. *Professor Dr. Soetbeer* has shown that the visible stocks of gold in the banks of Europe and America have been augmented from 144 millions sterling in 1877 to 230 millions in 1883, and to 252 millions in 1885. Since then I myself have, in the most careful way, established that in the leading European and American banks, and in the United States Treasury, the following amounts of gold were held at the end of each year:—In 1886, 227; in 1887, 240; in 1888, 246; in 1889, 256; in 1890, 276; and in 1891, 312 millions sterling. The increase has, therefore, been constant and important. Last year the total of all the important banks and Treasuries had reached the enormous figure of 8,731 million francs, or £349,200,000; and the augmentation had come to 845 million francs, or £33,800,000, as will be seen from the following figures, giving the stocks of gold held by these institutions and by the Australian banks at about the end of 1890 and 1891, in millions of francs:—

Banks and Treasuries.

	End of 1891.	End of 1890.
New York Associated Banks ...	472	366
Other American Banks	155	155
American Treasury	1446	1524
German Reichsbank	873	708
,, Banks of issue	97	97
,, Treasury	150	150
Bank of England	552	578
Scotch Banks of issue	119	103
Irish ,, ,, ...	77	77
Other English Banks	200	200
Bank of France	1338	1126
Italian National Bank	184	178
,, Banks of issue	187	177
,, Treasury	114	106
Belgian National Bank	68	60
Swiss Banks of issue	65	61
Greek National Bank...	3	3
Bulgarian ,, ,, ...	7	4
Servian ,, ,, ...	10	10
Bank of Spain	160	152
,, Holland	82	82
,, Algiers	14	14
,, Roumania	62	41
,, Portugal	8	20
,, Norway	25	35
,, Denmark	80	71
,, Sweden	24	27
Swedish Banks of issue	10	9
Bank of Finland	22	22
Russian State Bank	1370	955
,, Treasury	130	136
Anglo-Hungarian Bank	136	136
Australian Banks	491	503
Total ...	8731	7886

The foregoing figures represent £315,400,000 for the end of 1890, and £349,200,000 for the end of 1891. They comprise, as will be seen, not only the stocks held by the Australian banks at that period, but at the same time the Treasuries of Germany, of Italy and of Russia. Not in all instances, however, the end of both years could be made the starting point, besides in some instances estimates had to be resorted to, as several banks do not publish the details of their metallic reserves.

This is precisely the case with the *German Reichsbank*, where no information of this sort can be got, for what reason it is difficult to say. The figures set down by me are based upon old estimates received from a very good source then and retained by me since. In the meantime it has turned out that this establishment held at the end of March last, 78 million marks in demonetised *Vereinsthalers*, so that its stock of German thalers and fractional silver currency would only come to about 130 million marks. As this amount is spread over many branch-establishments, I think it would almost be more difficult to obtain from the principal seat in Berlin silver than gold,* in cases where excep-

* *Mr. Samuel Montagu*, in his excellent article in the *Fortnightly Review*, of March, 1892, on *The Dangers of Modern Finance*, commits a great mistake in speaking of all sorts of manœuvres on the part of the Reichsbank, when gold is demanded for export. He goes even so far to say that in this case the name of the banker or merchant would be placed in the "*black book*" of the bank. Nothing of the kind has ever taken place in Berlin, where always gold has

tional large amounts of notes were presented for encashment.

The *Bank of England* does not publish any details of its monetary reserves either, but by the courtesy of the late Governor, *Mr. Lidderdale*, the following figures have been communicated to me as having been held by the Bank at the beginning of 1891:—

In English gold coin	£8,285,468
,, ,, Silver ,, ...	212,565
,, Foreign gold coin and gold bars	14,967,801
Total	£23,465,834

The amount of silver money has most likely varied little in the meantime. With regard to the figure of 200 million francs or 4 millions sterling for other English banks, it has been taken from statistics published by the *Institute of Bankers* as late back as 1883, and may have been somewhat increased since that period.

The amount of 155 million francs, or £6,200,000 for other American banks, is taken from statistics collected by *Mr. E. O. Leech*, the Director of the Washington Mint; but according to a Boston

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been most readily given, as will be seen in the chapter treating of German monetary statistics.

Mr. C. Rozenraad, strange to say, repeats this story in his speech on the present state of the English market, in the Italian Chamber of Commerce, although his own experience in the Italian loan business, and the acquiring of about 400 million lire in gold, to which Germany contributed not less than 65,539,000 lire, should have convinced him of the very contrary monetary policy of the Reichsbank.

paper the total amount of gold held by all the American National banks of the United States would have come to 176,980,000 dollars, or £35,400,000, at the beginning of December, 1891.

The *Bank of Portugal* has not published a return since the end of April last year. The figure set down in my list of 8 million francs, or £320,000, has been given me about a month later, but since then things have taken such a turn in the country that probably no gold at all is left in the Bank.* The gold reserves of the *Australian banks* are in both instances given for the end of September.

All these points well explained, it may be asserted that this is the most correct and complete list of the visible stocks of gold held in Europe, in the United States, and in Australia, so far ever published. Nearly all the figures are absolutely authentic, and even in the few cases where estimates became necessary, the limits there where an error might have crept in are very narrowly drawn.

Enormous as the increase of the visible stocks of gold has been hitherto, and especially since the time when I myself have been preparing

* Paris papers spoke lately of about 50,000 francs in all, which would constitute the present stock of gold at the bank, while silver were held there to the extent of 20,000,000 francs. The latter, as a matter of course, represents only fractional currency struck on the basis of 1 gold to 14·1 silver, equal to 67d. per ounce standard. At 40d. the loss on this sort of money would come to not less than 27d. per ounce, or about 40 per cent.

exact statistics thereof, that is to say since 1885, it must by no means be supposed that the circulation of the respective countries had all along powerfully contributed to this increase, and that what has made the rich man of the one had been the impoverishment of the other. Such has not been the case. In point of fact the coinage figures of the precious metal are a reliable guide to get at the truth in this respect. The gold coined in the leading countries of the world presented itself as follows:—In 1886, 19·7; in 1887, 26; in 1888, 28; in 1889, 35·2; and in 1890, 31 millions sterling. It is true certain modifications must be made in order to give these figures a correct meaning, and to show what the amount of new metal taken to the mints had in reality come to. The re-coinages during these years were as follows:—In 1886, 1·8; in 1887, 6·24; in 1888, 5·32; in 1889, 3·72; and in 1890, 6·6 millions sterling. As will be seen from these figures, considerable sums remain still for each year as net coinages of gold, anyhow there cannot be any question about a displacement of the metal, or, to be more correct, of an impoverishment of the circulation in favour of the stocks held by the banks. All the alarm about a scarcity, let alone a scramble for gold, such as we find it still in some quarters where the *Monetary Question* is either not understood or where isolated facts are commented upon in a one-sided way, for party purposes has, now-a-days, lost its effect.

All those indeed who go to the bottom of things, and who study the monetary statistics of the last two years especially, as established by me above with the greatest care, must be perfectly convinced of the fact that there is gold enough in Europe for all the States which really want to have it.

With all that, I do by no means insist that too much value should be attached to these latter coinage figures, although they certainly do prove that altogether about 116 millions sterling have on balance been taken to the mints apparently in new gold during these five years. But this gold may partly at least have, and certainly has, been derived from old bars held by some banks or by the American Treasury for instance. Generally speaking, this part of my statistics should be handled very carefully, especially by uninitiated writers, who as a rule only stick to bare figures. I myself am of opinion that the shifting of gold from one place to the other in the different forms coming thereby in question is of so delicate a nature that it often escapes notice altogether, or that a *double emploi* may easily be made with certain figures. For this very reason a balance sheet of gold for each year, such as will be given later on for *silver*, cannot be properly established, and all that can be done is to ascertain, as far as possible, what the industrious use of the metal has been in the leading countries of the world, and what has been sent to *India*.

According to my most careful researches,* the amount to be set down for the former has been varying during these last times from 85,000 to 90,000 kilos fine per year, or, say, from 11·6 to 12·3 millions sterling, while about 3 millions have been sent to India. The total absorbed in this way would apparently, therefore, come to, say, 12½ millions sterling at the utmost. As the production has during these last years been pretty steady, varying only from 160,000 to 184,000 kilos, or say, from 22 to 24 millions sterling, it may be inferred that, say, 10½ millions sterling of the precious metal have been left over per year for monetary purposes alone. The exact statistics of last year have, so far, not reached me. I am, however, of opinion that, partly on account of an increase in the production, which I estimate

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* I establish the industrial consumption of gold in the leading countries in the following way during these last years:—

	Kilos fine Gold.
In England, as an average figure	17,000
,, France ,, ,, ...	12,500
,, Germany, according to direct information in 1890 ...	15,500
,, America, in 1891, according to *Mr. Leech*	30,000
,, Switzerland, according to direct information in 1890	10,000
In other countries, according to *Mr. Soetbeer*	14,000
Grand Total	99,000

Of this total about 16,000 kilos only have to be reserved in *America* for *new* gold, the remainder has been obtained from old material remelted. The industrial consumption of new gold-bullion remains steady in the United States, at about 11 million dollars, or, say, 16,500 kilos per year; as the other figures represent *new* gold consumed in this way, a quantity of about 83,000, at the utmost 90,000 kilos, of fine gold, as stated above, should be set aside for the purpose, and deducted from the yearly production, in order to arrive at the net supply of the precious metal for the monetary circulation.

at somewhat over 25 millions sterling,* and partly for the sake of a reduced industrial consumption reported to me from Germany and Switzerland, the available supply of gold for monetary purposes alone has certainly reached 12 millions sterling in 1891.

The knowledge of this fact is most assuring, and must appease the minds of all those who still believe in a scarcity of gold. To me it appears as already stated, that there is not only enough of it already within the reach of all the countries wanting the metal immediately, but that, at a given moment, even the enormous sums held by Russia and France, for instance, will be let loose. The *Russian State Bank* and the *Bank of France* alone disposed in May last of more than 125 millions sterling. The *Russian State Bank* held at the beginning of that month the following sums:—210 million roubles as the old and 75 million roubles as the new reserve, together 285 millions, representing the regular exchange fund. These sums, along with 8,758,000 millions as deposit of the Treasury at that time, brought the total up to 294 million gold roubles, or 1,176 million francs. As in the ordinary way of business 167,393,000 roubles credit, nearly all in gold, were then held as well, coming to, say,

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* According to a report from *Mr. Leech* the world's product of gold would have been as follows:—

In 1889	...	123,400,000 dollars,	or 185,000	kilos.
,, 1890	...	119,400,000 ,,	,, 182,800	,,
,, 1891	...	124,200,000 ,,	,, 187,600	,,

419,000,000 francs, the grand total reached the enormous sum of 1,595 million francs. As regards the *Bank of France*, its stock of gold came on May 19th to 1,536 million francs, to which another 27 millions have to be added, deposited there against advances out of a total of 32½ millions for both gold and silver. Properly speaking, the gold amassed there came, therefore, to 1,536 million francs, the highest figure on record since the 9th February, 1877, when the stock of the precious metal stood at 1,556 million francs. Both these institutions held, therefore, in May last, about 3,160 million francs, or £126,400,000. All that is wanted for Austria at present is about 20 millions sterling, scarcely more, therefore, than the production of a year and-a-half, let it be well understood, of the metal destined to *monetary purposes* alone. The supply of the precious metal to the Dual Monarchy can, therefore, offer no difficulties, and thus another big country will have adopted the gold standard without any disturbance of the money markets of the world and by throwing out *silver*, the metal gradually discarded by all the leading nations who wish to have their monetary systems established on a sound and reliable basis.

I cannot close this chapter without touching a question which of late has often been asked and about which a good deal has been spoken and written in England, but which after all appears to have been dropped, I mean the question why

the *Bank of England* has not had its full share of the gold plethora which to so enormous an extent has benefitted the *State Bank of Russia*, the *Bank of France*, and the *German Reichsbank* during these last times. I think the question can easily be answered by proving that the Bank of England has never much cared for the acquisition of the precious metal, and has never, so to say, raised a finger to get it, when there has been an opportunity for doing so at really small cost.

Look at the prices the Bank of England has paid all along, and especially during the times when really a somewhat brisker demand had sprung up for the metal in other countries, and when facilities of all sorts were offered by the Bank of France and the German Reichsbank. Have not old imperiales been accepted at 0·916½ fine in Berlin, and at 0·916 in Paris, while the Bank of England paid only 0·915 for them? And has not the Reichsbank inscribed at once 12 different gold coins on its tariff, while the Bullion Office in Threadneedle Street were purchasing at the same time only the five coins *par excellence*, Napoleons, crowns, eagles, imperiales and ten-florin pieces, and all of them, except the latter into the bargain, at a lesser fineness than accorded to them at the Reichsbank. But there is much more. Why should the Bank of England buy gold generally on the basis of 77s. 9d. only when the mint price is fully 1½d. per ounce standard more? And why should, for a long

while at least, Alfonses d'or have been refused in London altogether, when a regular chase was given in Paris and Madrid to such pieces, which were much better than their reputation, and fetched continually above 0·897, the fineness at which they had been valued by the German Reichsbank and the Bank of France? And why has the Bank of England not from the very beginning adopted the system of making, so to say, good the loss of interest during the voyage of gold presented for purchase by importers who are obliged to work at the nicest advantages? The studies of all these facilities accorded to bankers—let alone what the Bank of France has done last year, when it engaged itself to return to *Messrs. Lazard* the identical gold pieces against certain slight bonifications as regards discounts—have made Berlin and the Reichsbank from the very day of the adoption of the new gold standard the centre where, relatively speaking, the precious metal has been valued at the highest price.

No doubt of late the Bank of England has been revising its tariff rates, and twenty-franc pieces, eagles, and ten-florin pieces, have been paid at times notably better than before, while Alfonses d'or are likewise included now in the purchases, but many good occasions have been lost in the past, and the difference of $1\frac{1}{2}$d. per ounce is still claimed by the Bank as its due.

All things well considered, I am almost of

opinion that there exists really no desire in England to see the visible stock of gold, which, without doubt is too low, not only in troubled but in ordinary times, notably increased. Yet in glancing back at the average figures of the Bank returns since ten years, it must be said that with about 25 million sterling, the present metallic reserves which, as is well known, contain nothing but gold, with the exception of about £200,000 in fractional currency, the Bank fares very well indeed. This figure has even only twice been surpassed within these ten or twelve years, at the end of June, 1881, and of 1885, when £27,234,000 and £27,481,000 were held respectively. As I said before, the whole question appears to have been dropped for the moment, if it has not been interred altogether.

After having fully discussed all the different questions coming under consideration with regard to the subject before us, I think we can really let *gold* take care of itself, and I turn my attention now to the not less interesting other metal, *silver*, the present delicate position of which, together with the events having this quite extraordinary state of things brought about, alarms governments and nations alike. The next chapter will be devoted to as complete a study of the *Silver Question* as possible under present circumstances, although the full weight of the mischief done can scarcely as yet be measured, while the future of the white metal, "*like the gathering night, is ominous and dark.*"

CHAPTER II.

SILVER.

The breakdown of the silver speculation in America, and in connection with it the extraordinary fall in the price of the white metal—two events of the greatest moment in the monetary history of our times — have been much commented upon lately on both sides of the Atlantic. Yet, whatever may have been the views expressed on this occasion by the adherents of the bi-metallist and mono-metallist schools, this much is certain that the two events before us have not been fathomed to such an extent as to throw a perfect light on the peculiar situation of silver, generally speaking, although one or the other point of the question has formed the object of careful investigation. Thus, it has been said, and rightly too, that the American syndicates ought to have made arrangements beforehand with the leading mines of the country in order to keep their production at the level of the average output of the last years. It has further been asserted that no such fall could have happened if at a given moment European support had been obtained,—nay, that even a

regular agreement with the States of the Latin Union would have helped the American Government to maintain the high prices of the autumn of 1890, in the very teeth of the tremendous offers of silver coming, so to say, from all quarters.

All this is very true, but the real cause of the heavy depreciation of the white metal is not thereby explained; nor are these recriminations now of assistance to those who still believe that the new American Silver Act, powerful as indeed it is, can recover the lost ground. It will be said by some at once that this remains to be seen—that nobody can look into the future—that we have had surprises enough in this vexed *Silver Question*, and that a change in public opinion may at a given moment turn in quite a different direction.

This may be so, but it appears to me, after due consideration of the situation, that all and every hope to see this turn come has been lost after what has happened in the said year and afterwards. This assertion is certainly not made at random; it is based upon careful observation of all the factors at work, of all the circumstances coming into play, and it embraces the many facts and figures by which certain movements are governed as a mere matter of course. In point of fact, the simple record of events coupled with an array of statistics whose accuracy cannot be doubted, must procure us an insight

of the *Silver Question* such that no doubts can any more exist as to the direction where real truth rests. The investigation of the matter extended, as it should be, to the last four years will be somewhat complicated; but it is absolutely necessary to prepare the ground well, especially for the period when the American Silver Bill came to the front and gave rise to that extraordinary speculative movement in the metal which has been an astonishment to the whole world.

We find ourselves in the year 1888. The *Silver Question* in Europe as well as in America is interred,—nobody cares for it; Governments and the public generally fight shy of it alike; all the mints are closed to the coinage of the metal for private account,—India alone keeps hers open, and receives from abroad the considerable amount of 70 million rupees, against 86 millions in 1887 for coinage. Another 15 millions are sent there for other purposes, representing a grand total of the consumption of this country of 85 million rupees or 910,000 kilos of fine silver. China and the Straits take about 415,000 kilos against a like amount in 1887. The United States absorb for their coinage of dollars 33 million dollars, equal to 792,000 kilos. Austria requires 125,000 kilos; and all the other countries of the world together (amongst which Japan figures for 242,000 kilos), say 600,000 kilos. The account stands therefore as follows:—

FOR THE YEAR 1888.

	Kilos, fine Silver.
Shipments to India	910,000
,, ,, China	308,000
,, ,, Straits	107,000
Total ...	1,325,000
Less re-shipped from China to India, 145 million rupees	155,000
Balance ...	1,170,000
Coinages in Europe	274,000
,, ,, Other Countries, say ...	84,000
,, ,, Japan	242,000
American coinage	792,000
Left on balance in Mexico	68,000
Total ...	2,630,000
Add industrial consumption, say ...	500,000
Grand Total	3,130,000

Against an output of the mines of about 3,400,000 kilos. This would leave a balance of, say 270,000 kilos to be accounted for, yet the year 1888 closes without any visible stock of silver held anywhere. It appears, however, from certain calculations that the preceding year left a deficiency of a similar amount, so that a compensation would be found.

We come now to the year 1889. The general state of things has by no means changed in the world; the position of silver is what it always has been these last years. The price of the metal taken on an average scarcely varies from that quoted in 1888. No legislative measures are

taken in Europe, the Latin Treaty is by tacit understanding prolonged for another year, and the same tactics are even observed for the following ones. The far East absorbs larger quantities than in 1888. The shipments to India come to 101,000,000 rupees on balance, equal to 1,080,000 kilos; China receives 385,000 kilos, and the Straits Settlements import from England 260,000 kilos. The figures present themselves on the whole as follows:—

For the Year 1889.

	Kilos, fine Silver.
Shipments to India	1,080,000
,, ,, China	385,000
,, ,, Straits	260,000
Total ...	1,725,000
Less re-shipped from China to India, 9 million rupees	96,000
Balance ...	1,629,000
Coinages in Europe	420,000
,, ,, Other Countries, say ...	97,000
,, ,, Japan	228,000
American coinage	816,000
Left on balance in Mexico	70,000
Total ...	3,260,000
Add industrial consumption, say ...	500,000
Grand Total	3,760,000

Against an output of the mines of about 3,880,000 kilos. The two figures agree as nearly as possible, and the year 1889 closes likewise without any visible stock of silver in any country of the world.

The year 1890 opens under rather favourable auspices. The highest price of the metal quoted in 1889, viz., 44⅜d. is ratified at the very outset and 48d. is reached in April, when the American buying on a large scale begins; there is a fall to 44d. in the same month, but when the discussion of the Silver Bill takes a hopeful turn, not only speculation in the United States but in England and on the Continent as well is greatly aroused, and the price rises to 49d. in June, to 51d. in July, and when the Bill has become law in August, the maximum quotation for 12 years of 54⅝d. is touched. Once more, a decline to 50¾d. takes place in the same month, but in September the highest level is again attained, although it cannot be kept. A fall ensues in the same month down to 50d., and from there silver goes back, after a short rally to 51½, to 48⅛d. even in October, and is precipitated in November, when it was thought that the mines had already to contend against the inclemency of the weather, to about the lowest price on record, since the introduction of the new law, that is to say, to 45d. The year closes at 47½d. after 49½d. had once more been quoted at the middle of December.

So much for the history of prices of this most memorable year of 1890, which has raised such great hopes at one moment, that proved so fallacious in the end. As to the Balance Sheet, it presented itself as follows:—

FOR THE YEAR 1890.

	Kilos, fine Silver.
Shipments to India	1,700,000
,, ,, China	180,000
,, ,, Straits Settlements ...	130,000
Purchase of United States	1,117,000
Coinage in England	160,000
,, ,, Austria	80,000
,, ,, Spain	160,000
,, ,, Japan	230,000
Sundry coinages, say	93,000
Left in Mexico on balance, say ...	70,000
Total ...	3,920,000
Add industrial consumption, say ...	600,000
Purchases of American Syndicate ...	470,000
,, ,, French	120,000
Grand Total	5,110,000

In other words, the demand for the precious metal coming from all parts of the world exceeded the enormous figure of 5 million kilos of fine silver, leaving thus far behind what hitherto has been absorbed in the one or the other way, since statistical records are kept, in one single year. So stupendous is the figure before us that it is worth while to translate it into money, in order to comprehend the colossal movement of funds connected with it. Five million kilos, or, say, 161 million ounces of fine silver represent at about $1·10 not less than 177 million dollars, or, say, 35 million pounds sterling. If coined into standard dollars or five-franc pieces, the equivalent would reach 208 million dollars, or about 1,110

million francs. Figures of the magnitude as these before us need no further comment, they tell their own tale, and the statist, as well as the economist, bow both down to so impressive a language.

But the searching glance of the student of the *Silver Question*, stupefied, as well he may be, in presence of so enormous an absorption of the white metal, will not get arrested by it. The earth, this much is clear, could never yield it up to such an extent; the estimates given for 1890 shewing only an unimportant augmentation of the leading mines of the world, it would appear that on more than a production of, say, 4,100,000 kilos could not be counted for 1890. Without searching any further, the main part of the influx of silver, to India principally, has to be sought in another direction.

The fact of the matter is that two countries, stocked with silver to overflowing, came to the rescue. *China* sent in 1890 not less than 34½ million rupees, or 360,000 kilos, to India, while the *Straits Settlements* furnished in their turn 11 million rupees, or 120,000 kilos. Besides, *Roumania* sold 25 million francs demonetized Lei-pieces, and *Russia* disposed of about 10 million francs in the same way, thus adding another 160,000 kilos to the visible supply. In this way a further total of, say, 640,000 kilos would be accounted for, and the figures standing for the consumption on the one side, and the supply

coming from all sources on the other, would be approaching themselves more and more.

Be this as it may, we at all events, have got an insight in the downright enormous absorption of the metal by all the factors coming into play and—what practically speaking is more important —we have obtained the certainty by it that the first impression after the passage of the American Silver Bill must naturally have been to the effect that silver would be greatly enhanced in price. The basis of the judgment of the commercial position of the white metal has, therefore, been absolutely correct. The only weakness, if weakness there had been, was in this that the cause of the enhancement in price would have to be extended over many months. Each month, it was thought—and very correctly too—the United States Government, by its purchases of $4\frac{1}{2}$ million ounces per month, would tend to bring about a comparatively scarcity of silver.

In this strain reasoning went on in America and in Europe with regard to the nearest future of silver, and yet prices declined almost faster than they had climbed up in midst, nay in the very teeth, of these enormous demands coming from all sides for the metal which everybody seemed to want. And there remained even this visible stock of silver in the United States of 7 million ounces, to which, it was then said, a like amount ought to have been added in the hands of smelters and bankers in the country,

untouched, almost forgotten, while the demand knocked at all doors—while, as we have seen, neither the earth nor *China* and the *Straits* could fully satisfy the buyers. Here is a strange constellation of things indeed, and what a lesson to be learned from it into the bargain!

The moment may perhaps not have come as yet to dive deeper in this particular question, as far as the further development of the price of silver during 1890 and afterwards is concerned, but this much is clear to me, that the future of the white metal has been darkened by the events of that memorable year to a very great extent. No one, however profound his studies in this respect may have been, can account for a fall at a time when all and everything pointed to a rise. The *Silver Question* looked at from this point of view, is a perfect enigma, impossible to be solved one way or the other.

And this feeling of the impossibility to fathom the question, after what has happened in 1890, even in connecting with it a good number of points well stated, well weighed, the one well put in parallel to the other, renders the approaching of the subject itself difficult in the extreme, nay stifles the very first attempt to get at the bottom of it. And thus, the superficial observer who only watches the movements of a weak and nervous market, together with the further declining tendency of the prices of the metal, gets almost the better of the student, whose careful

researches are of no avail indeed to him in a question which really has no issue.

The *Silver Question* judged in this way, or rather considered from such a standpoint, which almost approaches utter hopelessness, assumes a very dark aspect indeed. And, all things well weighed, it cannot be otherwise. One country after the other is estranging itself from the white metal which is left in the lurch everywhere. Why, here is even *Austria* embracing openly the single gold standard, and bidding farewell to silver for good. The fact itself is really of no moment, the amount figuring for the yearly coinage in my lists for this country being very small indeed, but it is the cause which is at stake which loses an integral part, be it only theoretically spoken. What, in point of fact, has become of all these fine prophecies now which always pointed to *Austria* and *Russia*, the two countries singled out for the future absorption of silver for currency purposes, when the moment of the resumption of specie payments would have come? With regard to *Austria*, we are now fixed once for all, she will discard silver for good, and, instead of purchases for that country, we will have in future to face the very sales of the output of the Austrian-Hungarian mines, let alone what may be sold in the market in the shape of old silver florins, for which no use may be found as fractional currency.

And Russia? She has likewise already hinted

at the measures in store for us, should in the course of time a metallic circulation be established in the country. In getting rid of the stock of silver held by the Imperial Bank for account of the Government, by way of paying them away in 1890 as fast as possible in discharge of certain bonds specified in foreign money and in silver roubles, Russia has clearly indicated what course she will take at a given moment. Besides, these enormous purchases of *gold* already alluded to in the last Chapter, indicate clearly that preference is decidedly given to that metal, and that silver will be degraded to fractional currency as well in that country, should the Government ever feel inclined to resume specie payments.

It is clear that after the experiences of this memorable year of 1890, which witnessed the most extraordinary consumption of silver till then on record in one single year, as long as the world exists, partly in the ordinary course of business and partly in a speculative way, the *Silver Question* itself lost a great deal of the interest it till then had excited. A feeling of the deepest depression seized, so to say, everybody, and it became manifest that *India* especially had over-bought herself in absorbing more of the metal than she really wanted. Thereupon speculation for the rise in America and in Europe tried to realise the large quantities of silver amassed, in the hopes that the United

States would through these enormous purchases of $4\frac{1}{2}$ million ounces per month, after all succeed in raising the price up to 1 dollar 29 cents—the so-called coinage rate or thereabouts. Instead of such a movement, however, the very contrary took place, and the metal fell after the failure of the Bill for the free coinage in the House of Representatives one fine day to 85 cents—equal to $38\frac{3}{4}$d., and has not much risen since. This is the lowest price on record,—it represents a loss of about 37 per cent. against the erroneously called gold parity of silver in the States of the Latin Union of 222 fr. 22 c. kilo fine,* or $60\frac{7}{8}$d. per ounce standard.

Dull and uninteresting as the movements of silver have been during last year, as compared with the feverish state of all the silver markets of the world in 1890, a glance at the period following it is necessary to order to complete all the statistical data required for the subject. A fresh Balance Sheet for 1891 is therefore necessary, yet even at this advanced time not all the figures referring to the consumption of

* As a matter of course, there exists no such a thing as a "*gold parity*" of silver; the above price represents, in point of fact, the coinage rate of the Latin Union at the rate of 1 to $15\frac{1}{2}$ without, however, taking into account coinage charges on both metals. On the Paris Bourse, even the above rate has not been adopted for the quotation of the price of silver, but the old tariff of the Mint which was 218 fr. 89 c. per kilo fine, has still been retained. In order to understand the full meaning of the *perte* or loss quoted in the bullion lists, a per-centage of $1\frac{1}{2}$ per cent. must be added to the figure set down, in order to compensate the difference between the real mint-price when the coinage of the metal was allowed, and the above arbitrary rate. In other words, if the loss is quoted at 35 per cent., this means in reality a depreciation of $36\frac{1}{2}$ per cent.

the metal are at hand, and under the circumstances I have been obliged to have recourse to some estimates. The figures presented themselves as follows:—

FOR THE YEAR 1891.

	Kilos, fine Silver.
United States of America	1,679,000
India	884,000
Straits Settlements	340,000
China	261,000
Japan (estimated)	230,000
Spain	262,000
Portugal	155,000
England	117,000
France	27,000
Austria	78,000
Bulgaria	33,000
Russia	30,000
Sundries	53,000
Total ...	4,149,000
Add as estimates:—	
Retained in Mexico, say	151,000
Industrial consumption, say	600,000
Grand Total	4,900,000

From this figure have to be deducted in the first instance about 24 million rupees, equal to 260,000 kilos of fine silver, re-exported from *China* and the Straits Settlements, so that the total amount of the consumption of the metal would remain at about 4,640,000 kilos. It must further be remarked that the amount of 151,000

kilos, or, say, 6,750,000 piastres, retained for *Mexico* has been set down by me at an extraordinarily high figure on account of advices received from the Republic, to the effect that an enormous amount of piastres had been held back by speculators during the latter half of last year. Whether they were exported before the end of 1891 I cannot say; it appears to me, however, that the lower prices paid for the metal in New York and in London in the meantime cannot have induced holders to part with them.

If it be now asked what the earth's contribution has been towards meeting last year's demand, I can so far only cite the estimate of *Mr. Leech*, coming to about 4,400,000 kilos of fine silver, so that another 240,000 kilos have to be accounted for. This amount has apparently been taken from the stocks held at the end of 1890, principally in the United States. We all know that about 7½ million ounces had been deposited by speculators with the *Mercantile Safe Deposit Company* against certificates, while further heavy amounts were held by smelters and refiners in the West. At the end of 1891 we find only about 3½ million ounces lodged with this New York establishment, so that from that side alone about 4 million ounces, or 125,000 kilos, were furnished for the consumption of the metal during last year. The rest has apparently been taken from other sources—perhaps the figure set down as retained in Mexico is really too high.

Glancing now at the work done in the leading mints of the world in 1891, we see at once that the white metal has ceased to play an important part in the monetary consumption of such States in Europe as France, Germany, Great Britain, and so on, which formerly stood foremost in this respect. *France*, which used to absorb uncounted millions for herself, and even for her colonies, figures last year with the trumpery amount of 27,000 kilos, used for minor coinages for Tunis, Morocco, San Domingo, and for the striking of medals. Not one single *piastre de commerce* for *Cochin China* left the Paris Mint. *Great Britain* bought in the market only 2,565,000 ounces for home, and 1,176,000 ounces for Colonial coinage, together 3,741,000 ounces, or 117,000 kilos of fine silver. The history of the *Spanish* coinage, amounting to 58,297,730 pesetas, or 262,000 kilos of fine silver, is a sad one indeed, and will form the subject of severe adverse comments later on. Besides, I am assured by competent persons in Madrid that a Bill will soon be introduced into the Cortes to forbid such coinages in future. It would indeed bring the *valuta* of the country to utter ruin if the old monetary policy were persevered in much longer.

The coinage of silver money last year in *Portugal*, amounting as it did to 6,738,000 milreis, equal to 155,000 kilos, is scandalous, as this means an increase of the fractional currency to a total of about 20 million milreis, a figure

which for so little and so badly developed a country as Portugal is outrageous. There is a limit to everything, and I fancy Spain and Portugal figuring in my list for 417,000 kilos of fine silver, cannot in future be counted on to any extent to consume silver. Austria, too, which in the list is credited with a consumption of 78,000 kilos, cannot, as already stated before, be reckoned on in future, and that country will even become a seller of the metal from the moment the introduction of the single gold standard is put into execution. Some prominent English papers have denied these projected sales, but they will certainly take place at a given moment. The *Austro-Hungarian Bank* holds 167 million florins in silver, another 30 millions are said to be in circulation, and, besides, Austria has to take back from Germany 13 million florins in *Vereinsthaler*. This gives a grand total of 210 million florins, which would apparently have to be recoined into fractional currency. As the type of 5 grammes 0·835 fine has been chosen for the crown, the unit of the new monetary system, and as an amount of 100 millions only has been set aside for the striking of such money, while another 40 millions in base silver money, will be withdrawn from circulation, a sum of about 159 millions in old silver florins would be held over, representing about 1,760,000 kilos of fine silver, which would have to be sold. To this amount of the metal to be thrown on the market

one day by Austria-Hungary,* have to be added 52 million marks, or 306,000 kilos of fine silver, which Germany possesses at present still in demonetised *Vereinsthaler*. And *Italy*, too, will in the end get tired of her 41 million lire in Bourbon piasters, representing 185,000 kilos of fine silver, held for ever so many years in the hope of getting better prices for the metal. Here, then, we find ourselves in presence of not less than 2,251,000 kilos of fine silver, which, according to circumstances, must sooner or later be thrown on the market and sold at the best possible price.

"No country in Europe can sell us silver under the price of $60\frac{7}{8}$d. per ounce standard, the coinage rate there in former years!" This was the catch-word made the most of at the meetings of the Coinage Committees of the Senate and the House of Representatives in the *United States* when the *Silver Question* was discussed in 1890. And this opinion still seems to hold among some American partisans of the white metal. But nobody in Europe now cares for the action of the United States in this question after the fiasco of the last Silver Act, and should this Bill be later extended to the folly of free coinage, things

* It is true, the Bills so far introduced into the two Parliaments with regard to the Currency Reform in the Dual-Monarchy are silent on the use to be made of the surplus silver money which until further notice will be retained at the rate of 1 flor. = 2 crowns. But there is not the least doubt that sooner or later sales of part at least of the above 159,000,000 flor. must be resorted to, and certain Hungarian papers admit the fact already, although they wish to treat this question with caution in order not to disturb the London silver-market.

and prices would by no means mend in Europe. The fact is that the Yankees would then invent all sorts of devices to shut out as much as possible foreign silver bars and coins, and to let the owners of their own mines profit alone by the measures. Have we not seen the same practice resorted to in France under the so-called "Contingency system," when the due-date of the *bons* of the Paris Mint was delayed for several years, so that a good part of the expected profit was consumed by the loss of interest?

With the precarious, not to say utterly hopeless, state of the *Silver Question* in Europe before us, and seeing that the United States make no progress either in this respect, it may well be repeated again that the future of the white metal presents itself in the darkest colours. The loss it shows as measured in gold money had, as has been stated, come to 37 per cent.; it has consequently already ceased to form good and honest money in any country of the world where the double standard exists. This heavy depreciation must, in course of time, be greatly enhanced through the action of certain Governments, perhaps wavering still as to the correct monetary policy to follow, but ready to act at any moment.

Besides, there is the grave question of this really enormous increase in the output of the mines, such as it appears from the figures already cited in this respect. But in extending the statistical data over a greater space of time, the

aspect of things becomes downright alarming, as will be gathered from the following statement furnished by *Mr. Leech*, and giving the production of silver in the leading countries in fine ounces:—

Years.	United States.	Mexico.	South and Central America.	Other Countries.	Grand Total.
1878	34,960,000	20,891,000	9,133,000	8,491,000	73,476,000
1879	31,550,000	19,459,000	13,534,000	9,705,000	74,250,000
1880	30,320,000	19,459,000	13,534,000	11,476,000	74,791,000
1881	32,260,000	21,402,000	13,534,000	10,692,000	78,890,000
1882	36,200,000	22,610,000	15,012,000	12,647,000	86,470,000
1883	35,730,000	22,863,000	19,948,000	10,631,000	89,177,000
1884	37,800,000	21,079,000	15,308,000	7,408,000	81,597,000
1885	39,910,000	24,833,000	16,784,000	10,124,000	91,652,000
1886	39,440,000	25,520,000	17,936,000	10,379,000	93,276,000
1887	41,260,000	29,053,000	15,592,000	10,233,000	96,141,000
1888	45,780,000	31,995,000	18,447,000	12,664,000	108,888,000
1889	50,000,000	36,772,000	17,142,000	19,290,000	123,204,000
1890	54,500,000	37,400,000	18,430,000	22,501,000	132,832,000
1891	58,330,000	38,671,000	19,728,000	24,134,000	140,865,000

The output of the mines has, therefore, nearly doubled in the course of the last fourteen years, and there are indications enough proving that this increase will go on; nay, worse than this, the time will come when the production of silver will have no other limits than those imposed upon it by the continually growing fall of its price.*

That the last word in this respect has not been said is clearly shown by the accounts of the *Broken Hill Proprietary Company* in *Barrier Ranges*, New South Wales, which produced in 1891 not less than 9,946,000 fine ounces, at a cost not exceeding on the average 1sh. 4½d.

* See the following quotation in the excellent work of *Professor Suess*, "*Die Zukunft des Silbers*," Vienna, 1892, of *Mr. S. Clair Dupont*: "*Le temps viendra où la production de l'argent n'aura d'autres limites que celles qui lui seront imposés par la baisse toujours croissante de sa valeur.*"

per ounce, while the dividends paid from 1887 to 1891 reached the fabulous amount of £3,320,000, on a capital of only £384,000 paid up. If it is considered that in the half-year of 1885 only 35,605 ounces were produced by this mine, against an output of more than 5,000,000 ounces for the same period of this year, one loses the notion of figures almost altogether, and finds oneself indeed in presence of facts of irresistible force. But while the economist and the geologist are alike impressed with so enormous a supply of silver, which necessarily must render its distributions amongst the different nations still using it difficulty in the extreme, there is something lurking in the future worse than all this: the vague idea that *India* may do further harm to the white metal by either introducing a gold* standard, as proposed lately by the *Bengal Chamber of Commerce*, or by suspending the coinage of silver for private parties. The latter measure deserves great consideration, indeed, and a special Chapter will be devoted to the subject, which, in my opinion, has so far not been fully discussed by the English Press.

* While the above was in the Press, further advices reached me in May last, to the effect that the *Indian Currency Association* had been formed in *Simla*, for the purpose of bringing to the notice of Parliament the grievances which all branches of the Indian service at present experience, owing to the excessive low rate of exchange for the rupee. This Association, which is composed of individuals from all classes of the community, has determined to petition Parliament to initiate a *gold currency* in India as soon as possible. Some time before *Mr. H. S. King, M.P.*, had already given notice of his intention to do the same, in which case, as he writes me, the suspension of the silver coinage for private parties would naturally be the first step to be taken.

CHAPTER III.

THE FAILURE OF THE COMMERCIAL SILVER COINS.

Before I turn my attention to the very difficult state of things with regard to the further development of the *Silver Question* in *India*, I wish to touch a subject which in many books has been put forward as a mighty factor in favour of the rehabilitation of the white metal, and has besides been made the very starting point by many orators in the Monetary Conferences for quite a new departure in that respect. I mean the part silver would have to play in all those countries of *Africa* and *Asia* which scarcely are fully explored as yet. There, it was exclaimed on many occasions, the Maria-Theresia thaler of Austria, the Trade-dollar of France, the Eritrea thaler of Italy, the German rupee and other commercial silver coins, would one day absorb such enormous quantities of the metal, that the amounts demonetised by European States would become more than compensated. And such was the desire on the part of many Governments to participate in this movement, and to furnish the commercial silver coins

wanted for the purpose with the utmost technical perfection, that one country after the other came forward with their pieces struck in conformity with the requirements of the populations to whom they were destined. And great were the expectations indeed based upon these commercial coins, first by the Americans, then by the French, then by the Germans and Italians, and last, but not least, even by the Chinese. But in the course of a very short time each of these pieces came to grief for want of support, and most of them proved even such a failure that they were withdrawn from circulation altogether and destined to the melting-pot.

The history of the leading commercial silver coins tells a sad tale indeed, and if there exists an indication as to the precarious state of the *Silver Question* in general, and especially in those countries which by many bi-metallists had for ever so long been considered the very receptacle and reservoir of silver money, it is this history.

The first in the field to create a commercial silver coin, destined in the first instance to China and Japan, and then to the interior of Asia upon the whole were the Americans. A very handsome piece called the *American Trade-dollar*, and representing 420 grains or 27·216 grammes at 0·900 fine was struck in April, 1873, in the United States' Mints, and every effort was made to employ it in the commerce with the countries of the Far East. In the beginning the piece

had a certain success, and as much as 35,959,000 dollars were struck of such coins from the 1st April, 1873, to the 30th June, 1878, but unfortunately a law had given them legal tender force in the United States itself for amounts up to 5 dollars, and, when silver fell considerably in price, they went into home circulation, causing there a good deal of confusion and loss.

In the meantime, the Chinese, hostile to any change in their monetary customs, had done everything in their power to throw all sorts of difficulties in the way of the Trade-dollars. In many parts of the country they were not accepted at all; in the leading ports they had been tariffed so low that a heavy loss against *Sycee-silver* was inevitable, and that the American merchants could, therefore, no longer use them. In Japan the national coin, the *yen*, a piece of less weight, was as a matter of course preference given to, and the Straits Settlements as well as Cochin-China stuck to the Mexican dollar, as the silver coin *par excellence*, for the Eastern trade. Thus the Trade-dollars came back in large quantities to the United States, were there bought up by speculators and forced once more into circulation, although the Act of the 22nd July, 1876, had taken the legal tender force up to 5 dollars away from them altogether. The American Government finally was obliged to exchange the Trade-dollars found in circulation against Standard dollars, thus incurring a heavy loss at

the time of the great depression of the white metal, and in point of fact nobody but a few dishonest speculators have been profiting by the issue of this commercial coin, on which in the beginning such great hopes had been based.

With all that the utter failure of the American Trade-dollar did by no means prevent the French Government to strike a *piastre de commerce* for its colonies in Asia. Penetrated with the idea that an elegantly and artistically coined piece of money, superseding as to its intrinsic value the clumsy Mexican dollar and bearing the Arms of the Republic, would greatly enhance French influence in Cochin-China and in the Far East generally, the Government at first issued such piasters for its own account, and afterwards placed the Paris Mint at the disposal of bankers and merchants trading with the East, in the hopes that they would profit largely by the favorable conditions of their coinage. But in 1885 only 799,511 piasters were struck, followed by 3,215,771 pieces in 1886. From 1887 to 1889 the whole coinage came to 5,266,000 piasters, afterwards there was no more any demand for for them, although in the meantime the mint charges had been reduced to only 1 fr. 25 c. per kilo fine silver. The Mexican dollar, the price of which since years and years already had never been higher than melting parity in London and Paris, although as much as 4·41 per cent. coinage charges were attached to that piece,

had cut out entirely the French *piastre de commerce*,* not in Cochin-China alone, but in the Far East generally.

The fact is worthy of notice, especially as hand in hand with these efforts of the French Government to push their own coin, went the demonetisation of the Spanish Pillar-dollar and the Double-escudo, of which up to March, 1887, not less than 109,344,645 dollars had been withdrawn from the Far East by the Spanish Government. Under these circumstances it was thought, and apparently rightly too, that a very large demand for similar coins should spring up. But nothing of the sort happened. The French dollar was as neglected as ever, and neither the Mother country nor the colonies sent any orders for it to the Paris Mint. In other words this commercial silver coin as well had met with a decided failure.

The *Chinese* took now the matter in hand, and the Viceroy *Chang*, in Canton, had a Mint constructed there, said to be the largest in the world, and provided with the newest and best machinery. His intention was to strike Chinese commercial silver coins, so-called Dragon-dollars,† weighing

* The coinage charges on the piaster come at present to scarcely more than $\frac{7}{8}$ per cent. The piece itself weighs 27·215 grammes at 0·900 fine, equal to 24·493 gr. fine, against a fine weight of only 24·43 gr. of the Mexican dollar. But all this goes for nothing, the bankers preferring to buy the cheaper but clumsy Mexican pieces in preference to the extremely handsome French piasters, and the natives have never shown any predilection for the new coin.

† It will be recollected that the creation of these Chinese dollars raised the greatest expectations with the silver men in 1890, but already at that time the Director of the *German-Asiatic Bank* in

27·27 grammes at 0·900 fine. But the greatest aversion existed from the very beginning in the country against these pieces on the part of the natives, and the Europeans had soon found out that the fineness of those of one dollar came only to 0·883, while the half dollars were not better than 0·848 fine, and the sub-divisions even worse. From that moment the issue of these pieces was out of the question, and their coinage was given up altogether.* In reality, never had their been a demand for them, the Chinese preferring once for all their *Sycee-silver* to coined money.

Two other countries have in the course of time tried to strike commercial silver coins for their colonies, both without any success whatever. *Germany* has issued for her *East African Trading Company* the trifle of 521,760 rupees and *Italy* has even not shrunk from the achievement of what might be called a monetary trick in her African

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Shanghai wrote me that even if these pieces were to take with the population, no purchases of silver abroad would be made, as all what was wanted for the purpose could easily be taken from the enormous stock of *Sycee-silver* in the country.

* *Mr. Suess* in his already cited work on the future of silver, thinks that this very Dragon-dollar may, perhaps, in the course of time, attain the same importance and render the same services to mankind as the Mexican dollar. That men of this stamp should arrive at such utterly incorrect conclusions is strange indeed, and shows once more to what an extent, even in such quarters, certain isolated facts bearing upon the *Silver Question* are misunderstood. This Dragon-dollar had already no presence, it would decidedly never have had a future, although the coin itself presented a handsome appearance. By-the-by, *Mr. Suess* is mistaken as well in the description of these pieces, which he says bear the inscription, "Current coin of Kwang-hsu," and "Coined in Canton." Such is not the case. The collection sent me through a friend contains 4 pieces—the Dragon-dollar, the half-dollar, the 20 and the 10 cent-pieces, all of which bear the inscription, *Kwang Tun Province*, and the respective weight in mace and cantareens.

colony of *Eritrea*. The Italian Government had in point of fact decreed on the 10th August, 1890, to coin a so-called dollar of Eritrea, not exactly in the form of the *scudo* or piece of 5 lire, but anyhow having the same intrinsic value of this silver coin, which weighs 25 grammes, 0·900 fine, and therefore representing $22\frac{1}{2}$ grammes of fine silver, while the colonial piece had been struck at a weight of 28·125 grammes, 0·800 fine. Here we have again before us a piece of $22\frac{1}{2}$ grammes fine, and in point of fact the natives might have very well accepted such a coin at the nominal value of 5 lire, at which it had been introduced in the colony by the Italian Government. But, although there certainly was not a single individual who had been able to ascertain what the real intrinsic value of this dollar came to, these savages had perfectly well discovered in their own way that in this case a kind of token money would be forced upon them at the nominal value of 5 lire, while in reality it was not worth more than somewhat above 3 lire.

This act of discerning the true nature of money on the part of these savage tribes of the interior of Africa, is a fact worthy of notice indeed. They really deserve credit for it, and the French who accept millions and millions of depreciated silver money of Italy of this kind, at its full face value, might learn a lesson from them. In *Eritrea*, this much is certain, these dollars have not been accepted, and the Italian Govern-

ment* has even been obliged to withdraw a certain amount already issued, and to replace them by Maria-Theresia thaler, struck in the Vienna Mint. These latter pieces, as a matter of course, have passed into the circulation of the country at their intrinsic value, in exchange against gold money.

The fact before us is very instructive in this way—that it shows the impossibility of forcing commercial or other silver coins upon any, even uncivilized, part of the world at fancy prices. The French Government has very well had this perception at heart, when in September, 1891, it introduced the franc system into the Regency of *Tunis*, without however striking the five-franc piece in silver, be it even with an Arabic inscription, in order to distinguish it well from the same pieces issued by the Latin Union. This means sound monetary policy indeed, and coincides with what the English Government has done in *Malta* and *Gibraltar*, where Spanish dollars have been demonetised and replaced by gold money.

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* See *Mr. Luzzattis* speech in the Italian Senate of the 25th January. See besides the "Mint Report" of *Sir Charles Fremantle* for 1891, in which he refers to the same fact, stating at the same time that out of one million pieces struck and shipped to the Colony, only 400,000 had been placed in circulation. The coinage of fractional currency has come, in 1891, only to 2,401,298 lire in two-tenths tallero, and to 556,041 lire in one-tenth tallero-pieces, struck in the Roman Mint. As far as I know, the total amount of fractional currency had been fixed at 6,000,000 lire, which in reality seems all what has been wanted for the Colony so far, in the shape of national money. This is not very encouraging indeed.

A word must still be said on the *Maria-Theresia thaler*, once the commercial silver coin *par excellence* in Africa and part of Asia, and now on the wane as well. It was Egypt under English rule which had given it the finishing stroke. Since that country has adopted the single gold standard the coinage of this thaler in the Vienna Mint has decreased more and more. In 1890, only 468,050 pieces were struck there. For what purpose or what country, it may be asked? Well, apparently for the melting-pot of the Indian Mints, which in this famous year melted down and re-coined, so to say, everything, and amidst other commercial silver coins, not less than 2,451,000 tolas' weight* of Maria-Theresia thaler, that is to say, 2,200,000 pieces. If this is the quintessence and the last destination of once so famous a commercial silver coin, then the cause of the white metal is lost as well indeed in these enormous States and territories to which many a writer and many a distinguished orator in monetary conferences had drawn public attention as a sure means for the absorption of European surplus silver.

Melancholy, in truth, creeps upon one in contemplating such a state of things! To think that none, absolutely none, of these fine commercial silver coins, to begin with the Maria-Theresia thaler, and to end with the beautiful French *piastre de commerce*, has had any success

* See the *Review of the Trade of India* in 1890-91, p. 60.

since the decline of the white metal, makes one really despair of its rehabilitation altogether. And what efforts have not been made in this respect! Has not the late Director of the Paris Mint more than once offered French bankers and merchants trading with the East the facility of obtaining piasters on the basis of the London price of silver, converted into French money without any other charges than freight and insurance, and a trifle for the fabrication, really not sufficient to cover working expenses? And is this French piastre not much more artistically coined, and even of a somewhat higher intrinsic value than the clumsy Mexican dollar? But all this has been of no avail, and the Paris Mint has since years already not more struck a single piaster.

Poor silver, thou hast lost thy power indeed everywhere, thy present existence is already weakening from day to day, but thy future is still more deeply clouded, and this time there is no "*silver lining*" to this cloud!

CHAPTER IV.

THE SUSPENSION OF PRIVATE SILVER COINAGE IN INDIA.

The turn the *Silver Question* has taken, since the American action for an increased consumption of the metal for currency purposes has signally failed, is, as we have seen, of so grave a nature that there cannot really exist any more delusions in this respect, on the part of those, at least, who have made the subject a special study. Unfortunately, as we have further seen, another event of great importance has been added to the causes which only too visibly undermine the position of silver, I mean the decision of *Austria-Hungary* to adopt the single gold standard. For the moment the latter fact acts rather more in a theoretical than practical way, but the time will and must come when the country will have to sell its surplus silver. Anyhow, the moral impression has already been felt in many quarters where the development of this difficult and dangerous question is keenly watched. As regards myself, I am of opinion that the time of the *laisser aller* monetary policy of England with regard to her great colony is gone by, and that measures

must be taken by the Government not to stop the decline of silver, which is an impossibility as matters stand at present, but to save the Indian currency, the *rupee*, from the violent fluctuations really unheard of in the monetary history of our times. At the same time an effort must be made to raise the India exchange to a level which would give satisfaction, so to say, to everybody, and at which the rupee would be nailed down till the moment would have arrived to propose another measure which will be dealt with later on. All these *desiderata* can, as a matter of course, only be obtained in the first instance and directly through the suspension of the silver coinage in India, for private account.

I am perfectly well aware of the fact that the interference of Government in currency matters is not looked upon in England as a measure to be recommended, generally speaking. Nay, there is even more. I know that this very same proposal I make here has been under consideration by the India Council since first the States of the Latin Union, then Holland, and last, not least, Austria suspended the coinage of silver money for the public. But things, as we have seen, have changed so much since then that the altered position of the *Silver Question* requires a fresh and fuller discussion of this subject than has been devoted to it on former occasions. Besides, as the French say, *aux grands maux, les grands remèdes!* Something, therefore, must be done for

India by the Government, if not to remove the already existing enormous depreciation of the rupee, at least to give stability to the currency of the country. These violent fluctuations from which trade has been suffering, especially during the last two years, and whereby mercantile operations have degenerated into gambling transactions, must be combatted by some action of the Government. In what direction this action lies has already been indicated. The Secretary of State for India must simply close the mints of Calcutta and Bombay for "*free coinage*," and what is required in the shape of money for the country must be bought by the Government itself and sent to the mints.

The supply of silver in India would then be regulated by the Secretary of State instead of by the Indian banks, as is the case now, and the latter would therefore be deprived of their second string to their bow. Silver would be prevented from re-establishing the old see-saw movement between Council drafts and the price of the metal itself, by which the value of the rupee has been systematically depreciated. At the same time, and in order to obtain complete control, it would be necessary to take away from Government securities their present character of money for remittances, and this could be done by either disallowing *Rupee Paper* once enfaced for payment of interest at home to be re-enfaced for return to India. If this procedure be not liked, then a

fixed sterling rate of interest might be guaranteed, a measure practically converting these silver securities into gold bonds, as far as investors are concerned.

As already indicated the price of silver would certainly fall in consequence of steps of this kind on the part of the Government, but that fact would be all the better for the Indian Exchequer, whose purchases would show a considerable benefit on the drawings against the metal shipped to India and coined into rupees for Government account only. Every fall in the value of silver below the point at which the Secretary of State would in future fix the value of the rupee would be clear gain, and there is even a chance that by such a measure the over-production of the metal might be checked. I do, however, not wish to be too positive on this point after it has been proved by *Professor Roberts-Austen* in London, that the desilverisation of lead costs only 2 shillings, and of copper and cupriferous products, even only 1 shilling and 11 pence per ounce fine, while silver ores can be treated at 1 shilling and 5 pence, and the refining of native gold comes barely to $2\frac{1}{2}$ pence. On the average, therefore, the cost of production of fine silver may be set down at about *twenty pence*,* that is to say, about half the price

* *Mr. Herbert C. Gibbs* in his remarkable speech in the Mansion House on May 5th, stated that the cost of producing silver at the Broken Hill Proprietary Company's Mines in *Australia*, was only 1s. $4\frac{1}{2}$d. per ounce. On the other hand, *Mr. E. O. Leech* has found an average price of 24d., according to information received from not less than 155 mines in the *United States*.

of the metal per ounce standard in the market at the present day.

My intention is certainly not to go too far in anticipating coming events, as regards a country of the magnitude of the Indian Empire, but it appears to me that an improvement might be made without precisely imitating the Dutch colonies,* where silver money circulates at an enormously overvalued price, with respect to the position of the foreign exchanges. What, however, has happened in *Holland*, and has repeatedly been observed in *Austria* since the suspension of the coinage of silver money for private parties, will, as a matter of course, make itself manifest in India as well. The rupee, to a certain extent disconnected from

* The position of things in Java is very curious indeed, and shows to what a pitch the monetary confusion has been driven there. I cannot do better than to cite in this respect the very words of *Professor Dr. Pierson*, formerly President of the Netherlands Bank, and now Minister of Finance. In his excellent work, "*Leerboek der Staathuishoudkunde*," Haarlem, 1884, he makes the following remarks:—"In *Java*, this fiduciary silver money does not alone form the principal part of the monetary circulation, but this one itself consists in nothing else but in such money, unless the question is about notes of the Java Bank, which in their turn are covered by almost nothing else than such token-money" (*teekengeld*). Is it not astonishing that so rich a country as Holland, which in former times, that is to say, in 1850, demonetised gold, and degraded the ten-florin pieces to commercial money only, because the then adopted ratio of 1 to $15\frac{7}{8}$ did not correspond quite exactly to the price of silver in the London market, tolerates such a terrible monetary confusion now. Why, then, the difference of a fraction of a penny became the very reason why the whole monetary system of the country was upset, and since 1875, when, strange to say, the ratio of 1 to $15\frac{5}{8}$ was adopted, giving silver an artificial value of $60\frac{3}{8}$d., this difference has already grown up to about 21d. or more than *thirty-three* per cent. Here is a fine confusion indeed, but neither the Government nor the public care to have this downright absurd state of things changed where nothing but token-money takes the place of a gold currency—a system under the false flag of which the Colony absolutely, and the Mother Country to a very great extent, are sailing since the said year 1875 already.

the metal upon which it is based, will follow henceforth its own development, and the moving power for that action will be transferred from the predominating potency of the American and Mexican silver producer to the discretionary management of the Indian Government.

No doubt the affair would require some of this management, but in the long run the 17 million pounds sterling the India Council has to draw per year on Bombay, Calcutta, and Madras, play too important a part in the question, generally speaking, to be ignored, especially in presence of the disorganized state of the silver markets of New York and London, such as we see them in since the failure of the new American Free Coinage Bill.

Would it not have been better if a course such as it is proposed here, had been adopted before 1890, that memorial year in which India bought at artifically enhanced prices up to 54⅝d. per ounce standard, not less a quantity than 1,700,000 kilos of fine silver, representing nearly half the amount produced by the mines of all the world? One would say so, and, in point of fact, a retrospective glance at the development of the *Silver Question* during these last thirteen years, that is to say, from the time when Austria decreed the suspension of free coinage, forces us to regret the *laisser aller* policy of the Government. The average price of that year was still 51¼d., and in 1880 it reached even 52¼d. At

present it moves around 40d., and an apparent loss of 12d., equal to nearly 25 per cent., has therefore to be registered, part of which might have been avoided, while anyhow the rupee would not have been thrown down from 1s. 8¼d. to 1s. 3¼d., the low price at which we find it now.

There is one thing more which ought to be considered. Might not the intervention of the Government in the way indicated lead at a given moment to the introduction of a sort of limping double standard, such as we see it practised now-a-days in nearly all the leading countries of the world? The question is certainly allowable, the more so, as thereby the enormous gold treasure hidden in the country might, perhaps, in some way or other, be turned to account. India has received from 1835 to 1889 not less than about 139 millions sterling of the precious metal, a figure considerably exceeding the total the Mother country can boast of. If some means could be devised to rescue even part only of this gold from its hiding places, much good might be done for the monetary circulation, and the coinage of silver money might, in point of fact, become reduced automatically. The latter consideration is well worth an experiment* in the indicated direc-

* I do by no means share the proposal made by *Mr. L. Ch. Probyn*, to open at once the Indian Mints for gold, and to create a coin (*sic*) of one lac of rupees, representing the weight of not less than £7,500. This would complicate matters tremendously. My proposal is to leave things as they are, and to suspend the private coinages of silver for the present only, while the Government would retain the power

tion, and the Indian Government should no longer delay to take measures dictated by the new and dangerous turn in the *Silver Question.*

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of sending silver to the mints, precisely as it has been done since 1879 in Austria. If in the course of time, a fit moment were presenting itself for the coinage of gold money, at a convenient ratio, it might be seized and then made the most of.

CHAPTER V.

THE CURRENCY REFORM IN AUSTRIA-HUNGARY.

At the present moment, when public attention is, as repeatedly has been stated already, directed towards the efforts made in the Dual-Monarchy to overthrow the reign of paper-money, and when the question of what is called the *Herstellung* of the *valuta* has been fully considered by a body of men of great intelligence, it is of some importance to give a true and accurate account of what in reality is aimed at, and by what means the object in view may be attained.

From time immemorial the country has had nothing else as means of circulation than paper-money, accompanied by a sort of base fractional currency, struck on the basis of a ratio of 1 gold to $10\frac{3}{4}$ silver, equal to a price of $86\frac{3}{4}$d. per ounce standard. It is true, at various periods, and principally in 1848, in 1856, and in 1866, the moment seemed to have arrived for the *National Bank*, which then had the only privilege to issue notes, to resume specie payments, but in all these instances, measures resorted to by the Government interfered, and set all efforts made in this direction to nought. In May, 1866, an issue of 150 million florins in State

notes was decreed, and the year afterwards increased in such a way that, inclusive of a maximum of 100 millions in so-called *Salinen-Scheinen*, the total of the fiduciary money of the Government had been fixed at 412 million florins. At this amount, representing the extreme issue of such notes, the total has been kept up to this day, and the actual proportion is about 380 million florins in State notes, against 32 millions in the other bills.

At the same time the *Austro-Hungarian Bank* has had, all along, the privilege of issuing notes against a metallic cover of two-fifths, consisting of gold and silver. This reserve has always been strictly observed, and in point of fact the country would long ago have enjoyed the benefit of the resumption of specie payments, had it not been for the fiduciary circulation of the Government, for which no metallic cover had ever been provided. It is precisely now proposed to withdraw these very notes by metallic money, and to leave, otherwise, things as they are with regard to the Bank.

The principal question arising for this purpose is the choice of the metal which has to form the basis of the future monetary system. Under present circumstances, and at a time when silver is banished from all the mints of countries having adopted the bi-metallic system, the introduction of the *single gold standard* alone can be thought of. And this metal has indeed been chosen by

all the experts belonging to the so-called *Valuta-Enquête*, for the basis of the new monetary system. The only difficulty now is to say in what way the transition from the present state of things, where silver, or rather paper-money, is legal tender, to the future gold standard, shall be accomplished.

In order fully to understand the difficulty presenting itself in this respect, it must be stated that the Austrian currency has, up to the present moment, been based upon silver, of which metal one pound fine had been taken to equal forty-five florins. In other words, the Austrian florin had been hitherto represented by the one-forty-fifth part of one pound of fine silver. As long as the coinage of the metal in the mints of the country had been open to the public, the price of silver there had, as a matter of course, depended entirely upon the quotation of London, translated into florins at the exchange of the day. There was then no difficulty in determining what the proper ratio between the two metals, for the transition from one system to the other, would have been. If the metal had been quoted at 50d., it would have been 1 gold to 18·86 silver, and at 45d., 1 to 21. But in the year 1879, the Austrian Government had been suspending the coinage for private parties, and from that very moment the silver florin became, to a certain extent at least, disconnected from the metal it was originally based upon, and the Austrian currency was, so to say, hanging in the air.

The state of things became then very complicated, and has been so all along, up to the present day. Whether silver rose or fell in London had no longer any influence whatever on the silver florin in Vienna, or, to be more correct, on the development of the foreign exchanges there. And this could not be otherwise. The all-equalizing arbitrage dealings between the two places in the metal having been discarded once for all, no connection could any more be established between the London price of silver and the valuation of the florin on a gold basis. The situation became, at times, quite grotesque, and is so still, for at the price of 40d., for instance, and a sight-exchange of 12 florins to the £, the equivalent of one silver florin would work out at only 77 kreutzer in gold money. In other words, if the above London quotation were taken as the basis of the transition from the silver to the gold standard, a ratio of 1 to 23·57 would have to be selected, while the exchange of 12 florins involves only a relation of 1 to 18·22. The difference strikes the eye, and neither the Austrian Government, nor any of the experts, have ever dreamt of falling back upon the English quotation for silver, which would give the new Austrian gold florin, to be created, a value of about 15·60 florins to the £.

With all that, there is a circumstance which by no means must be lost sight of either. It is quite true that the coinage of silver has been suspended in 1879 for private parties, but this does

by no means prove, that by this act of the Government the very monetary system of the country had been changed. Nothing of the sort has taken place, and part of the French and the Belgian press is entirely wrong in insisting upon the valuation of the future gold florin or its equivalent at a higher rate than the Government has offered according to the latest news from Vienna. The matter of the fact is that the admission for the coinage of silver florins has since 1879 simply passed from the hands of the public into those of the Government, and that what the bankers could no longer do, was now practised by the State. In other words, the striking of silver florins in the mints of Vienna and Kremnitz went merrily along on account of the Government which from 1880 to 1891 coined not less than 125½ million florins, and continued even these issues of largely depreciated silver money in the present year. In this way the single silver standard of the country was all the while strictly maintained, exactly as it was before, and nobody has a right to assert that, *de facto*, the white metal had ceased to form its basis.

I dwell upon this subject at some length, because, as already indicated, some writers* have attacked the Austro-Hungarian Government rather

* The writers which have been distinguishing themselves particularly on this occasion by their violent language, coupled with an entire lack of *connaisance de cause*, are *Mr. Georges de Laveleye*, of the "*Moniteur des intérêts matériels*," and *Mr. J. de Reinach*, an occasional contributor to the "*Revue économique et financière*."

vehemently lately on account of the basis apparently chosen for the conversion, as already alluded to above, and appearing to them too unfavourable for the foreign creditors. This basis has been fixed at 2 francs 10 centimes as the value of the future gold florin; that is to say, at the exchange of the day, on Paris, for sight bills, when the decision was taken in April last. But not only was this the actual current rate of exchange at that moment,* it remained even in force at about the same level afterwards, thus proving by itself, so to say, that the Austrian-Hungarian Bourses had fully sanctioned it, and that the foreign places, Paris, London, and Berlin, had in their turn had to shape their quotations for bills on Austria accordingly. This they all have done, as a matter of course, and from this very day the Vienna exchange in Paris has in point of fact moved around 210 francs for 100 florins.

There was even more. The above rate represents about the average exchange from 1879, the year which marked the suspension of the coinage of silver for private parties, down to 1891 and coming to 119·75 fl. paper for 100 fl. gold, or 83½ kreutzer per gold florin, or, still

* *Dr. Ludwig Bamberger* in his admirable articles on *silver* in the "*Nation*," lays particular stress on the fact that the ratio for the transition should be fixed at the very moment of the publication of the law to be voted to that effect. Neither former, he continues very judiciously, and in the fullest contradiction with the writers cited above, nor future fluctuations of the exchange have in this instance to form the basis of the valuation, but the present moment only. It was exactly in this way that Germany dealt with this point of the currency reform.

more clearly expressed, to 2 francs, 8·75 centimes. It will be seen that the two figures approach themselves as closely as can be desired. If it would be asked, what the average rate was of these thirteen years on the basis of the London silver price, the answer is: At 48d. in its turn representing the average price per ounce standard, the ratio between the two metals came to 1 gold to 19·64 silver, and the arbitrated value of 1 silver florin to 78 kreutzer, or to 1 franc, 95 centimes.* Here, once more, we meet with figures which show that there really is no ground for grumbling at all on the part of the creditors of Austria, with regard to the relation chosen in point of fact by the two Governments for the transition from the silver or rather the paper valuation to the gold standard.

As regards the right exacted by some papers for these very creditors to the chance of an amelioration of the exchange in future, the Austrian Minister of Finance, *Dr. Steinbach*, has in his masterly speech of May 17th, declared that such a right could in no way juridically be recognised, as the claim of a debtor for the chance of a future depreciation of the currency would be refused just as well. Besides, there does not exist any precedent whatever in the monetary history of our times for the case before us, and the examples of certain countries

* See "*Statistische Tabellen*" of the Austrian Government, Vienna, 1892.

cited on this occasion miss their aim distinctly. The unhappiest reference of all is the one to *Roumania* made by the "*Moniteur des intérêts matériels*,"* a country which from the very beginning, that is to say, since the month of January, 1868, already, had adopted the single gold standard. Such are the arms, however, brought into play by the papers alluded to, which are not ashamed of using such high words as "*spoliation*," which talk of a value of 2 fr. 50 c. that should be given, as if the Government of the Dual-Monarchy ever had promised to anybody or at any time the reimbursement of a silver florin by a gold florin, at the ratio of 1 gold to 15½ silver or thereabouts. Let me repeat it, nothing but gross ignorance of facts and figures, coupled with a total misconception of the very basis of the Austrian currency, could lead to such language, and it is quite refreshing to notice that the English Press† has displayed a great

* With all that, this very same paper has again been cited by *Mr. J. de Reinach*, in order to support his unqualified attacks against the Austrian Government.

† As far as I know, the Vienna correspondent of the *Economist* has been the first in the field in England to prove that a value of 2 fr. 10 c., at a time when silver quoted 40d. in London, and the Government might consequently have offered about 1 fr. 60 c., had been fair, even very fair. In Paris, *Mr. Arthur Raffalovich*, the distinguished writer on financial and monetary matters in the *Journal des Débats*, comes to the conclusion that a small augmentation of the value of a few per cent. might have been accorded by the Government, but that, all things duly considered, a "*just*" florin had been decided upon. Practically speaking, the dissatisfied German Papers had counted upon a florin of 1·72 instead of 1·70 marks—really a matter of no importance at all. Besides, *Professor Dr. Soetbeer*, as is known the greatest living authority on monetary matters, who has not yet found time to pronounce himself publicly on the subject, has authorized

deal of tact and discernment in discussing a question certainly delicate in some respects, new in its way, and indeed not within the reach of everybody.

But let us return to our subject. At the rate of 2 fr. 10 c., the equivalent of £10, at the parity of 25·22½ to the pound sterling, would be 120·10 florins, and the ratio between the two metals thus adopted for the new gold standard would be as one gold to 18·22 silver, against 1 to 23·27 as established by the London price of silver of 40d. In other words, 18·22 times 45 florins—the actual mint price per pound fine silver in Austria—that is to say, 820 florins would in future have to be struck from one pound of fine gold, or 1640 florins from one kilo fine.

This ratio, let it be stated again, cannot but give entire satisfaction to all fully alive to the precarious position of things with regard to the white metal on which, as has been proved abundantly, the Austrian currency has always been based. In point of fact, silver has been valued thereby at 51¾d., while not long ago it was quoted in America 85 cents., equal to about 38¾d. per ounce standard, and has moved around 40d. since in London. As in Paris the metal has been sold down to so low a price as about 140 francs

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me to state that he approves of the projects of the Government. In the presence of such comments upon the relation selected, the few dissenting voices, never mind how noisy and obtrusive in the extreme they are, count really for nothing, and the careful observer of facts will not be led astray by them.

per kilo fine, the Austrian silver florin would at that time not have worked out higher than 1 fr. 55 c., and the Government therefore in giving 2 fr. 10 c., has really done more than it need have offered. To talk, therefore, under such circumstances of an "*unjust*" florin is to completely ignore the true state of things, such as they present themselves to all those who will not shut on purpose their eyes to facts and figures.

As regards the future *unit* of the Austrian monetary system, it will not be the florin but the half-florin, or the crown—*krone* in German, and *korona* in Hungarian—divided into 100 *heller*. The amount to be coined from one kilo of fine gold will therefore be 3,280 crowns, and 100 crowns will be equal to 105 francs, to 85·06 marks, and to 50·42 Dutch florins, while the theoretical parity of the pound sterling will be 24·02 crowns.* No doubt this latter quotation will in future be adopted by the foreign bill brokers in London instead of £10.

The creation of 20-crown pieces will be pushed as rapidly as possible; these pieces will be 0·900 fine, and therefore will have to weigh 6·775 grammes, equal at that standard to 6.098 grammes fine weight. Ten-crown pieces will also be struck,

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* The exact theoretical parity is 1 crown = 0·04164£ or 9·99d. A crown will further represent 0·3049 grammes of fine gold, and therefore, be equal to 42 kreutzer of the so-called gold florin. The premium on gold has thereby been fixed at 19 per cent.

weighing 3·387 and 3·049 grammes respectively, but only later on, in order to give room to silver money, which will figure as fractional currency, and of which pieces of 50 *heller* and 1 crown will be coined. The nature of such money to be issued has for the moment been fixed in the following manner. The two coins will have a fineness of 0·835 and the crown will weigh 5 grammes, so that as in France 239·52 in crowns instead there in francs will be coined from 1 kilo of fine silver. The half-crowns will weigh 2½ gr. The ratio thus adopted for this fractional currency comes, therefore, to 1 gold to 13·69 silver, representing a price of 68⅞d. per ounce standard, against 1 to 14·29 in England, 1 to 13·95 in Germany, and 1 to 14·38 in France.

Besides there will be a nickel coinage of 10 and 20 heller, and a bronze coinage of 1 and 2 heller pieces. The amount to be issued has provisionally been fixed as follows: silver money for Austria at 140 million crowns, for Hungary at 60 millions; nickel money for Austria at 42 millions, for Hungary at 18 millions; bronze money for Austria at 18,200,000, for Hungary at 7,800,000 crowns. This would give about 5 crowns in silver, 1½ crowns in nickel, and 65 heller in bronze money per head of the population. The legal tender force has been fixed for silver at 50 crowns, for nickel at 10 crowns, and for bronze at one crown in each payment,

the Government accepts as a matter of course these coins in full up to any amount.

As regards the old silver florins, they will for the present at least remain in circulation at the rate of 2 crowns per florin, the old fractional currency will be demonetised as soon as possible and withdrawn from circulation.

If it now be asked how the Government will proceed with regard to the resumption of specie payments the answer is this: A loan of, say, 500 million francs, or 250 million florins, will be raised abroad, and the proceeds invested in gold bars and gold coins of all sorts, which will be taken as a matter of course at the fixed exchange resulting from the adopted ratio. By means of this money, a corresponding amount of State notes will be withdrawn from circulation to begin with, while a sum of, say, 100 or 130 millions will probably provisionally be left in circulation. The Bank would then require no other assistance from that quarter than the taking over of about 167 million florins in silver money, held there for ever so long. When once this money, which, at all events, must not for ever play an important part in the new currency system, will be replaced at the Bank by gold, this establishment can directly resume specie payments in that metal, holding as it does already 55 millions in gold coin and 25 millions in gold bills, that is to say, 80 millions altogether, valued at the old ratio of 1 to $15\frac{1}{2}$, and producing to-day about

94 million florins in new gold money. The total of such money would then come to 344 million florins, really a fair amount to start with the new gold valuation, while, say, 130 millions in Government notes would circulate all along with it.

As regards the silver money to be disposed of, this is rather a ticklish question. The fact is, that besides these 167 millions held by the Bank, another 30 millions are supposed to be in circulation,* while Austria has likewise to take back 13 millions in demonetised *Vereinsthaler* of her own coinage from Germany. The total of silver money comes, therefore, to about 210 million florins in pieces, let it be well understood, weighing 11·11 grammes. But this is not all. There exists besides, in the country, a very base silver coin, alluded to above, and amounting to 40 million florins, which as already stated, will be demonetised. As a sum of 200 million crowns will have to be taken from the old stock of silver for the new coinage, requiring only 835,000 kilos of fine silver, while the total of the 210 million florins together with the old fractional currency alluded to above, would furnish 2,600,000 kilos, a balance of about 1,760,000 kilos of fine silver would finally remain on hand. Evidently, there would be no employment for them in the new currency system, which must not by any means be watered from

* The visible stock of silver money in the Dual-Monarchy outside the Bank came on the 28th April, to 13,338,469 fl. It is, however, supposed that a much larger amount is held by the people or hoarded.

the very outset by too much silver introduced in one way or the other, and in the long run nothing would, therefore, be left to the Austrian Government but to sell it on the London market. This may be a very delicate and costly an affair, but it cannot be helped, otherwise the new gold standard would soon degenerate into the system of the so-called *limping double standard*, which would certainly not do for a country like Austria, where a premium on the more precious metal, gold, would soon be established.

To keep, in point of fact, the future currency system free of a smack of bi-metallism, must be the principal care of the Austrian Government, otherwise the system will not work satisfactorily. Besides, there is scarcely any room for silver money over and above the 200 million crowns already mentioned. The fact is, that the total circulation of State notes of one florin, which have, in the first instance, to be replaced, comes only to about 80 million florins, or 160 million crowns. This is a very small figure indeed, and indicates a monetary situation, as far as fractional currency is concerned, of so delicate a nature that one really asks already what will become of the remaining 20 million florins or 40 million crowns, small as the figure in reality is. The next category, the five-florin notes, amount at present, to 142 millions, but that issue must already be represented by gold money. At the same time five crowns per head of the population,

against six francs in the States of the *Latin Union*, for instance, cannot be considered a burden for a country like Austria, whose monetary circulation at present comes, it is true, only to about 22 florins or 44 crowns *per capita*, against more than five times this amount in France, and about three times in Germany.

CHAPTER VI.

THE UTOPIA OF UNIVERSAL BI-METALLISM.

The question of the establishment of a vast Bi-metallic Union, to which, as a matter of course, England, the United States, France, and Germany would have to belong, has been discussed by all the writers on monetary matters, and has formed the subject of careful investigations in all the monetary conferences. No doubt such a Union would be "*a consummation devoutly to be wished.*" The difficulties of the *Silver Question* would certainly thereby be overcome, and a state as nearly approaching perfection as possible would be brought about in all the countries which either suffer directly by the depreciation of the white metal, or whose monetary systems are out of order. But while everybody, so to say, agrees that the formation of such a Union would indeed restore to the world that peaceful state of its monetary affairs which reigned everywhere from the beginning of the century up to the year of 1872—the time during which bi-metallism was firmly established, and in full working, in a great number of powerful States—

nobody dares any more come forward with any proposal as how this Union could be established at the present moment, when disorder and confusion nearly everywhere have almost reached their climax.

There was, perhaps, a time when such an idea might have been realised, that is to say, when a sort of bi-metallic arrangement might have been arrived at between the leading four commercial nations mentioned above. I myself was for many years of opinion that something in this way could be achieved which might have given universal satisfaction without precisely aiming at a more or less perfect working of the new system—real perfection not being of this world. But I always have laid particularly stress on the fact that nothing could be done without *England*, the greatest commercial country on earth, and that an arrangement without her full assistance could not succeed for any length of time. In other words, I have always despised the idea of having anything to do with "*limited*" bi-metallism, which I consider myself as a *nonentity**—nay, as a regular *nonsense*. There

* See my work, "*L'Histoire Monétaire de notre temps*," Paris, 1886, page 11, which contains the following passage, needing no further comment:—"*Mais il faut absolument que tous les grands pays, c'est á dire l'Angleterre, aussi bien que la France, l'Allemagne et les Etats-Unis prennent part à cette action commune. Toute autre solution du problême monétaire est impossible, et aucune tentative ne doit, en effet être faite pour la résoudre autrement, car elle devra fatalement échouer.*"

In a former book of mine, published in *Vienna*, already as late back as 1877, I had written the following words on the same subject:—"*Alle grossen Staaten der Welt, England, Frankreich, Deutschland und Amerika zum wenigsten, müssen Silber und Gold*

is no doubt that with England, America, France, and Germany in the Union, and all the other countries shaping their monetary systems accordingly, the bi-metallic arrangement would work satisfactorily—or rather, would have worked so, had something been done *in time*.

But, after what had happened in 1890, when the *United States* adopted single handed the double standard on a really broad basis, and were by no means thwarted in their efforts by Germany, Holland, and Italy, desirous of getting rid of their surplus silver money as they were all the while, and after having seen that silver can, without rhyme nor reason been precipitated from 54½d. to 39d., I have lost all confidence in the white metal itself, and consider it no longer fit to form good and honest money. If I were, therefore, asked this very day whether I would advise *England* or *Germany* to join such a Union, I would disadvise them to do anything of the sort, as apparently both countries would be called upon to stake their grand mono-metallic gold force for the benefit of supporting a base and dangerous metal.

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unter Zugrundelegung einer fixen und zwar der gleichen Werthrelation zu ihrem Gelde machen, sonst ist die Doppelwährung ein Unding."

All this appears to me clear language indeed; yet I have often been attacked for having completely changed my mind. This is not the case, I only do not believe any more in the possibility of formation of such a universal Bi-metallic Union, after what has happened since, and having never pleaded for anything else but for such a solution of the *Monetary Question*, I necessarily want to see silver quite discarded now, when countries like England and Germany evidently wish to have nothing to do with it.

For this very reason I cannot see any good to come from a new monetary conference, such as is aimed at by the Government of the United States, really more in order to gain time for the new Presidency campaign than to propose any sound economic measure. Besides, what ratio can such a conference been called upon to fix? Are there not on the very face of the question the most conflicting interests at stake in this respect, and will not the relation between the two metals, proposed by the one nation, because it would be to its advantage, be rejected from the very beginning by the other as entirely out of question.

To cite an example, there is not the least doubt that the French ratio of 1 gold to $15\frac{1}{2}$ silver, which has not only reigned supreme in France, but in a great number of other countries for many years, stands no chance of adoption for the future by either *England* or *Germany*. America, it is true, would be only too glad to change its present monetary system, and to embrace bi-metallism on the same basis as is still in force in France and in the States of the *Latin Union*. That country would certainly be ready to put less silver into its standard dollars by reducing their weight from $412\frac{1}{2}$ to 400 grains, in accordance with the French monetary system. But England, which has no silver money at all to care for, and Germany, which has lost heavily through the sales of old silver, would strongly

protest against a measure which would artificially raise the price of the white metal from about 40d. to 61d. There cannot, therefore, be any question of the adoption of this French ratio of 1 to $15\frac{1}{2}$, or silver at 61d., nor can the American system of 1 to 16, making the silver price equal to 59d., be thought of as a basis of the future bi-metallic money of the proposed Union.

What ratio should then be adopted? The present one of 1 to 23·57, or silver at about 40d., would, as a matter of course, be rejected by France and the States of the Latin Union, which thereby would have to sacrifice 34 per cent. on their old silver. I have had occasion to sound the leading statesmen of France on this delicate point, and they have all told me that the French Government would never agree to any arrangement of that sort. What Germany would do is likewise not clear. She has almost achieved her monetary reform, and a certain amount of thalers alone stand in the way of letting her have a single gold standard by no means inferior to that of any other country, England not accepted. Why should Germany, therefore, enter the Bi-metallic Union under such conditions, when she can have at so small cost the complete single gold standard for herself?

The present ratio can, therefore, not be proposed, and the adoption of a sort of average would apparently be the only way to get out of the dilemma. Let us suppose that the pro-

portion of 1 gold to 20 silver were chosen, what would the position of things then be in the four countries coming under consideration? The price of silver would be fixed in England at 47d., and the London Mint would be opened to all comers for the coinage of silver money of full legal tender force at that price. Let it for the sake of argument be supposed for a moment that the British Government would under these conditions agree to change the monetary system of the country and to adopt bi-metallism, what would the position of the other countries be? *Germany* would have to re-coin about 420 million marks of old thalers costing 61d. per ounce standard, with a loss of 23 per cent., amounting to about 107 million marks; while *France*, with her 3,200 million francs in five-franc pieces, would in the same way lose about 740 million francs, to say nothing of the loss of her allies in the *Latin Union* would come to. The situation of the *United States* would be peculiar. That country has been buying silver from 59d. down to 39d., and, roughly speaking, a price of 47d. should not harm it much. In other words, America would escape unscathed, and under these conditions it would do a good stroke of business, for to her were universal bi-metallism established on such a basis. As it is, however, well known that she would in case of need make a sacrifice, it may be asked, whether it would be unfair to invite the American Government to contribute

in a certain way to the defraying of the expenses put upon Germany, on France, and on the States of the Latin Union, through the re-coinage of their old silver pieces?

The question asked in this blunt way may, perhaps, give offence in some quarters, but there already exists a precedent for such a course, and, besides, a project of this sort is already under consideration in certain banking circles in New York, and will most likely be submitted shortly to the American Government. I have to observe a certain reserve in this respect, but may say that the plan has been worked out by one of our *leading bankers* who is a staunch bi-metallist, and who believes that something must be done for the white metal in order to prevent great mischief. To tell the truth, I myself do not believe in the possibility of arriving at an arrangement in that way for many reasons; but my informant tells me that his views are shared by many leading men in the States, and that his plan may at all events lead to the establishment of a sort of basis to work upon, with a view of creating an *International Bi-metallic Union.*

As regards the precedent alluded to above, it consists in the proposal of *Mr. Henri Cernuschi*, at the *Paris Monetary Conference* of 1881, to refund to *Germany* the money spent by her in the way of losses through the sales of silver thalers, on the condition that that country would then join the Bi-metallic Union. The suggestion took

everybody at first by surprise, but the advantages to be obtained thereby by France and the States of the Latin Union as well as by America, being fully explained by the over-zealous apostle of the double standard, a better appreciation of the somewhat singular proposal became manifest, and in the end no one took offence at it. With this fact before us, the discussion of the new and somewhat similar project to be submitted to the American Government by the Paris banker may even be recommended, especially in the absence of any programme so far placed on the order of the day by the Bi-metallic League in England.

All things considered, I would rather see the Indian exchange saved from the violent fluctuations and the enormous depreciation of the present day, than the Utopian idea of universal bi-metallism followed up. The future of silver is, as has been abundantly proved by me, hopelessly endangered, but the rupee may be disconnected to a certain extent from the dangerous metal upon which it is based by stopping the coinage of it for private parties in India. I repeat, what has worked so well in Austria cannot fail in the British Dependency, whose monetary system is, up to the present hour, still in the same condition as the Austrian silver florin was in before 1879, the time when the coinage for account of the public was stopped. To-day the Austrian exchange, as compared with the price

of silver, works out at about 15·60 florins, while for many months past the real quotation has moved around 12 florins. The same state of things would, as a matter of course, result in *India*, and with a little management on the part of the British Government, which would be the only importer of silver in future into the colony, the price of the rupee might at once be nailed down at about 1s. 6d., and that rate might, in the course of time, be made the starting point of a sort of double standard. Anyhow, the full consideration of this side of the *Silver Question* must afford more satisfaction to business men than the pursuit of utterly chimerical ideas about the formation of a universal Bi-metallic Union, which nobody knows how to construct from the very outset, and whose maintenance and proper working in times of war and trouble no power on earth could guarantee. Indeed, after what has happened in the silver markets in the memorial year of 1890, when so powerful a country as the United States totally failed in its efforts to rehabilitate silver; the idea of raising the price of the metal by artificial means should be banished from everybody's thoughts. The dethronement of a "*ruler of the world*," as *Dr. Ludwig Bamberger**

* See again the three masterly articles of *Dr. Bamberger* against Silver, in the Berlin paper "*Die Nation*," of April 16th, 23rd, and 30th, which have created quite a sensation in German financial circles, and have been reproduced partly in *extenso* by the leading French and Austrian papers. They have later been republished separately, by the distinguished author, through the editors, *Rosenbaum and Mart*, Berlin, under the title "Silber."

has classically designated the downfall of silver, is complete, irremovable, and definite. *Currency Doctors* therefore beware! The production of the metal in the world has more than doubled in about fourteen years; from 1889 to 1891 the output of the mines has been increased from 123 to 140 million fine ounces,* a downright stupendous figure with these declining prices before us and the certainty that in the future one country after the other will embrace the single gold standard as soon as feasible. Why, then, augment the confusion already reigning in the monetary systems of so many countries by fresh legislative measures of an artificial character which scarcely will be obeyed everywhere, which will favour the weak and enfeeble the strong nations through a displacement of certain gold and silver stocks in times of trouble and war! Look what has become of these so wonderfully constructed arrangements of that Bi-metallic Union which the *Latin States* formed in 1865, and which at the time was considered quite a masterpiece of combinations! A special chapter will be devoted to the story this Bi-metallic Union has to tell. It is a sad one from beginning to end, although the greatest statesmen have been at work in building it up first and in staying it afterwards, when times of

* *Mr. Herbert C Gibbs* evidently made a mistake, when, in the already cited speech, he alluded to the fact that the new American Silver Bill had not brought about an increase in the production of silver. This increase has certainly taken place, as will be seen from the statistics published, page 36, and from the above figures more particularly.

trouble set in. Its present state is downright awful. The strong country, France, has had to bear the fatal consequences of the arrangements with regard to silver money of the 5-franc type; arrangements and clauses which seemed innocent enough in the beginning, but which have turned out downright disastrous in the end. And in this case there has been no war since twenty-one years, and the countries of the Union have been prospering all along. Besides, all the nations belonging to it had certainly the best of intentions to contribute to its welfare and prosperity, and, with all that, nothing but discontent is the quintessence of all these efforts, while the part France, as already stated, the strongest of its members, has been made to play, is really scandalous. What will the end of it be? To judge from what has happened in the last *Monetary Conference* of 1885, things will take a nasty turn for that country, and really nobody can say where the mischief will stop.

I know perfectly well that an *International Bimetallic Union*, such as is dreamt of in some quarters still, would be based upon other fundamental structures than the Latin Union has been built upon. Yet the principle of a universal silver coin struck at a ratio common to all nations would form its very starting point all the same, and in this way a sort of international 5-franc piece, through which all the trouble came in the Latin Union, would have to be created, never

mind what denomination it would get in the different countries. No doubt a "*Contingency system*" for the coinage of such a dollar, or crown, or five-mark piece, or whatever it might be called, would then be instituted, and there the history of the Latin Union would again repeat itself. Now, really, I ask is this possible after what has happened? And is it really in the interests of countries like *England* and *Germany* to imitate in a certain way an example which exactly has shown how things should not be done? I think it is not, and the reader will himself get an insight into the working of such a combination by a short sketch of the history of the Latin Union since the time of the depreciation of silver, which history will form the subject of the next Chapter.

CHAPTER VIII.

THE HISTORY OF THE LATIN UNION.

The *Latin Union* has been founded on the 23rd December, 1865, by France, Italy, Switzerland, and Belgium, on the basis of the double standard at the ratio of 1 gold to $15\frac{1}{2}$ silver, with the free coinage of both metals. In 1868, Greece has been admitted in the Union, and negotiations with other countries, especially with Roumania and Spain, have been going on for a long while, happily for France without any result. Otherwise this country would have been saddled with the five-lei and the five-peseta pieces issued by the latter two countries as well, and Spain particularly would have had a splendid chance to unload her depreciated silver money on her mightier neighbour. In the beginning all went well, as the principle of a uniform coin, based upon the real value of the two metals in the world's markets was then correct indeed, and as, in consequence thereof, the interests of any of the contracting parties, small or great, could not be violated. But by and by a certain disproportion between the four countries became manifest, brought about by the fact that at first Italy, then France, and

in the last instance, Greece, had temporarily, at least, been driven to the *régime*, of paper money. The event itself was of no practical consequence whatever for France, but the position of the other two countries became rather critical at the time the white metal showed already signs of weakness, and part of their five-franc pieces began, as a matter of course, to emigrate to Switzerland and France.

In 1873 already there was a certain commotion noticeable amongst the members of the Union. Silver which up to then had moved around the so-called par of 60$\frac{7}{8}$d., fell to 60, to 59 and even under 58d., and everybody had consequently the greatest interest to get as much coined of it as possible, in order to profit of the handsome margin. The mints of Paris and of Brussels were regularly besieged by the importers of the depreciated metal, and the first one coined 154, the second 111 million francs, in five-franc pieces, while even Italy, which had all the while had nothing but paper money in circulation, struck then as well 42 million lire in five-lire pieces. The next year brings the *Contingency System* along with it; these enormous coinages, it is said, cannot any more be tolerated, and by joint agreement, the amounts to be allotted to each of the five countries is fixed in the following manner:—To France, 60 million, to Belgium, 12 million, and to Italy, 60 million francs. Every country hastens to get the very last five-franc piece permitted by this measure

coined in the respective mints, as the price of metal had in the meantime declined to 57¼d., thus leaving a margin of about 3d. or 5 per cent. net to the importers of silver.

The year 1875 does, with all that, scarcely modify the situation generally. The total amount to be coined is fixed at 145 million francs, distributed as follows:—To Belgium, 15 million, to France, 75 million, to Greece, 5 million, and to Italy, 50 million francs. The price of silver varies from 55½ to 59½d. In 1876 the contingent is restricted to 112·8 million francs, viz., 10·8 millions reserved for Belgium, 54 millions for France, 12 millions for Greece, and 36 millions for Italy. As regards the silver market, it is in a regular state of panic. The fluctuations are downright enormous. The lowest price then on record of 46¾d. appears, showing a margin of not less than 23 per cent. for the coinage of 5 franc-pieces, but a sharp rise ensues, and once more 58½d. is quoted.

The following year, 1877, marks the considerable diminution of the contingent which is reduced to 52·2 million francs, but France and Italy alone strike about 35 millions together, while the other countries abstain from making use of the greater part allotted to them. In 1878 and 1879, Italy alone is allowed in an exceptional way to coin 9 and 12 million lire in pieces of 5 lire. The part *Switzerland* had played during all this time is most remarkable; she had refused with a rare

connaissance de cause nearly all the sums offered her, and had only coined the trifle of not even 8 million francs in five-franc pieces.

The coinage figures presented themselves for the said years of 1874—1877 in the following way :—

	Contingences.	Coinages.
Belgium	...fr. 45,200,000	... fr. 37,704,000
France	... 216,000,000	... 211,073,000
Greece	... 18,000,000	... 15,462,000
Italy	... 164,000,000	... 164,000,000
,, 1878-79	... 29,000,000	... 29,000,000
Switzerland	 28,800,000	... 7,978,000

On the other hand, the total issue of gold and silver money before and after the formation of the Latin Union stood as follows :—

Coinage.	Gold.	Silver.	Fractional Currency.
FRANCE :			
Before 1865	fr. 6,501,030,710	fr. 4,435,139,860	.....
From 1866—1885	2,150,523,030	625,466,380	fr. 237,073,624
ITALY :			
Before 1865	424,465,950	184,621,950	.....
From 1866—1885	238,220,245	359,581,360	170,000,000
BELGIUM :			
Before 1865	35,168,085	145,180,490	.....
From 1866—1885	563,474,060	350,497,720	33,000,000
SWITZERLAND :			
Before 1865	.....	2,500,000	.....
From 1866—1885	5,000,000	7,978,250	18,000,000
GREECE :			
From 1866—1885	12,000,000	15,462,865	10,800,000

Let us continue the history of the *Latin Union*. In 1878 a new *Monetary Conference* is called together, and, it is almost impossible to believe it, the convention is purely and simply prolonged to the

1st January, 1886, without any change whatever in the text of the former arrangements; the complete suspension of the coinage of 5-franc pieces alone for all the contracting parties is this time finally adopted. It is true, the question of the liquidation of the depreciated silver money, which at that time had already been pouring into France to an extraordinary extent, is slightly touched upon, but quickly dropped, when it is observed that the spirit of the delegates does not tend that way.

This want of energy on the part of France and Switzerland, displayed at so propitious an occasion, is one of the greatest faults ever committed in monetary affairs. The depreciated silver money of Greece, Italy, and Belgium, continued, as a matter of course, to invade France and Switzerland, and, as nobody during all the time down from 1865 to 1878 had ever thought of introducing into the Convention a clause regulating the liquidation of the silver money of the 5-franc type, let alone the fractional currency, this very invasion became almost sanctioned by the Treaty itself, or at least was, so to say, perfectly neglected.

In the meantime, the price of silver did not mend, and the whole *Silver Question* became more and more embarrassing in the whole world. The French Press, till then almost silent on the subject, and in point of fact little *au courant* of the details of the *Latin Convention*, began to pay more attention to the subject, and voices were heard in all directions to have the question of the liqui-

dation of the foreign silver money conveniently settled.

The French Government was hesitating a great deal, but at last the Monetary Conference of 1885 was called together, and this time the insertion of the delicate "*clause de liquidation*," so carefully avoided till then, was categorically and as a *conditio sine qua non* demanded by the French delegates.

It is not necessary to dwell at any length on these endless, and at times, stormy meetings of this much-noted Monetary Conference of 1885, which even had temporarily to be interrupted, as for a long while no arrangement at all could be arrived at with *Belgium*. The representative of that country, *Mr. Pirmez*, a man of great authority in monetary matters, had, in the beginning, point blank refused to recognise the obligation to take back the Belgian five-franc pieces held by France, and to refund them by gold money. The other countries had raised no difficulties in this respect, and the attitude of the Italian delegate, *Mr. Luzzatti*, who openly declared that Italy would pay for her *scudi* in gold, has even been most correct.* After this

* I lay particular stress on this fact which has not been recognised by some writers. On the other hand, I cannot be silent upon certain measures taken by the Italian Government, and in reality going against the very spirit of the dispositions of the Latin Treaty which never made any distinctions whatever between gold and silver coin in the different States. By a decree of the 12th August, 1883, the Government ordered that the metallic cover held by the banks of issue had to consist of two-thirds in gold money, and of one-third only in silver, and defense was even given to exchange that part of the gold reserve held in excess against silver money. This, as *Mr. Bourgeois*

question of the responsibility of each State for silver coins bearing its arms had successfully been settled, between France and Switzerland on the one, and Italy and Greece on the other side, an agreement to this effect was draughted, while Belgium kept aloof all the while, her delegate even refusing to attend the sittings of the meeting of the Monetary Conference, and defending his standpoint by the rash word that his country, little Belgium, had been made the *victim* of the *Latin Union.*

This word, as may be well believed, raised quite a storm of indignation with the French delegates. *Mr. Magnin*, Governor of the Bank of France, rose at once in order to answer, and remarked in a most remarkable speech, in which he denounced the word "victim," as ill-placed, that if there were a *victim* in this *Latin Union* it were not Belgium, but *France*, which were holding against her will, since years and years already, more than two hundred million francs in Belgian five-franc pieces.

Be this as it may, *Mr. Pirmez* had it his way all the same, to a certain extent at least. He was able to obtain from the French Government the really generous concession that at the expiration of the treaty only half the amount of

in his speech in the Chambers on May 31st very correctly observed, is a violation of the Latin Treaty indeed. The fact itself shows what derogations from engagements of this kind may be resorted to in the course of time, without even being much noticed. The issue of 340 million lire in five and ten-lire notes, which drove the *scudi* out of the country is likewise a measure to be regretted.

Belgian five-franc pieces need be taken back and paid for in gold, while the other half to be repatriated would have to be returned in the ordinary course of business, or as the really admirable phrase then went—"*by the play of the foreign exchanges.*" But now comes the worst. The other countries, which already had signed the proper arrangement, where such a clause should in point of fact never have been admitted, turned round and claimed as well the benefit of the most favoured nation. This, the French Government acceded to, and the consequence thereof was that all the countries of the *Latin Union*, at the expiration of the treaty, need refund only half the amount of their depreciated silver money to France in gold; the other half will remain there for good.

The matter of the fact is that this expression, "*play of the foreign exchanges*," has no practical meaning at all, as will be seen in the case of the monetary intercourse between France and Belgium directly, while the exchange on Paris on the Italian Bourses moves since ever so long already around 4 per cent. premium, and while in Greece it has even reached up to 50 per cent. Never these two exchanges can, therefore, call for remittances in metallic money, and France will, and must, for this reason, keep half of the Italian and Greek silver coins held by her for good. As regards Belgium, there will at the time of the expiration of the Treaty be likewise such

a pressure on the foreign exchanges in Brussels and in Antwerp, that bills on France there will also be quoted at a substantial premium, so that in this case as well France will be the dupe.

All things carefully considered, France has gained nothing in granting to Belgium so strange a concession, which, as we have seen, would forcibly react on the arrangements, clearly defined and well deliberated as such conventions always should be, which had already been signed by Italy and Greece. This fact has greatly to be regretted, all the more so, as France has lately had some experience as to what it means to accord hospitality to depreciated silver coins. At the time when the Pope coined such money, the pontifical fractional currency came as well to France, and was there circulating freely along with the French minor coin. Later on, when the Italian Government withdrew this money, a certain date was prescribed for its presentation in Rome. This date by some error was missed by the Bank of France, which then had collected the pontifical pieces for account of the French Government, and Italy refused afterwards to take it back. Eight million francs, in pieces only 0·835 fine, were consequently left to France, and it was humiliating enough for her to have to ask permission from the other States of the *Latin Union* to recoin these pieces into fractional currency of her own, while as a matter of fact, the loss on it would to-day have come to $3\frac{1}{2}$ million francs.

The record of incidents of this kind in the history of the *Latin Union* is not exactly pleasant to tell, but the reader should be initiated into all the niceties of this important affair, of which, unfortunately, we certainly will not have heard the last word as yet. For the denouncing of the treaty, although eagerly claimed by the French Press, cannot be thought of soon. The convention has, in point of fact, been prolonged to the 1st January, 1891, with the understanding, however, to be continued by "*tacite réconduction*" from year to year, and before the end of December next nothing need be done in this respect. Why the French Government* has not taken the proper steps to provoke a liquidation of the foreign silver money long ago, is really difficult to understand, especially with regard to the more and more threatening aspect of the *Silver Question* generally. The Belgian and the Italian Governments do not care a bit to move in the matter, and thus the whole affair finds itself in a regular deadlock. I am afraid one fine day very disquieting results will be brought about by this *laisser aller* policy, and the final *dénouement* will be almost fatal.

For this is at present about the position of the

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* See the speech of *Mr. Maurice Rouvier*, French Finance Minister, in the Chambers on May 31st, in which he alluded, with the greatest reserve, to the grave difficulties to come from the rupture with Italy in a political way. Besides, he thought that the withdrawal of the Italian and Belgian pieces might disturb the French public in its monetary customs, as nobody so far made any distinction between national and foreign silver money.

three principal countries coming into question, Belgium, Italy, and Greece, while, strange to say, even Switzerland has part of her five-franc pieces and fractional currency circulating in France. The figures may certainly change from now to the moment of the expiration of the treaty, but unfortunately they can, as matters stand, only become more disappointing.

According to my appreciation of the situation,* France will have to claim from *Belgium* 250, perhaps 300 million francs in payment of her five-franc pieces, held by the Bank of France, and exceeding there 200 millions, and besides, found in circulation. Of this sum, say 125 or 150 millions will be reimbursed by gold or French silver coin through the Belgian Government itself, while the remaining 125 or 150 millions will quietly remain in France, with very little or no chance at all to be returned through the play of the exchanges.

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* The French Press has repeatedly spoken of 900 million francs in foreign five-franc pieces and in minor coin, and this figure has as well been cited in the Chambers. But there must be a grave error somewhere; at all events, Italy cannot have sent more to France than 270 million lire in five-lire pieces, and say 60 millions in fractional currency, 30 millions of the former and a fair amount of the latter having to be reserved for Switzerland. As to Belgium, the figures are certainly difficult to establish, but more than 300 millions in five-franc pieces, and a few millions in minor coin cannot have been exported. The stock of foreign silver money at the Bank presented itself some time ago as follows:—

Belgian five-franc pieces	fr. 204,600,000
,, Minor coin	2,750,000
Italian five-franc pieces	132,000,000
,, Minor coin	5,500,000
Swiss five-franc pieces	3,700,000
,, Minor coin	1,000,000
Greek five-franc pieces...	2,300,000
,, Minor coin	750,000
Grand total,	fr. 352,600,000

France will likewise be a creditor of *Italy* in the same way, of say, 270 million francs, of which 135 millions will be returned her against gold money, as all the banks of issue of that country do not hold together more than about five million lire in foreign five-franc pieces, probably of French coinage; the remainder of 135 millions cannot but rest for good in France, as already fully explained above.

France will further have to claim from *Greece* 14 million francs against her five-drachmai pieces, coined in the Paris Mint, and in reality never having been of any use to the country. It will already be very difficult to get 7 millions in gold from this monetary ally, while nobody in Paris or in Athens ever has thought that the famous play of the exchanges can repatriate one single franc of metallic money in the ordinary course of business.

What will then be the end of this *Latin Union* when the French Government will at last have decided upon the denouncing of the treaty? Nothing else of course but confusion and losses, which will absorb untold millions. For Belgium, which all told, has 400, perhaps 420 million francs of five-franc pieces outstanding, the greater part of which, coined into the bargain, not at all for the proper requirements of the country, but simply for account of a London or Paris arbitragiste, who wanted to make some money out of the transaction, Belgium, I say, cannot keep this down-

right enormous amount of such depreciated money in her own circulation. Opinions are divided as to what monetary policy this little country will in the end have recourse to, but in reality nothing is left to it than to sell its surplus silver outright in London. The position of Italy is by no means better. Certainly, the country could stand, say 300 millions of current silver money, but only on condition that the small State notes of five and ten lire were withdrawn from circulation. And such a step the Government will not be inclined to take. Then, Italian silver would as well, have to be sold in London. As to Greece, her 14 million five-drachmai pieces must, as matters stand, already be noted as ready for sale, when the time of the liquidation of the silver money of the *Latin Union* will have come.

This, then, is the true history of this famous Union, on which such great hopes were based, and which in some of the monetary conferences had been designated as certainly becoming, one day, the very nucleus of a much vaster *International Bi-metallic Union*. Quarrelling and high words, disappointments and regrets, and the well-founded apprehension of the greatest losses on all parts looming in the future—this is the quintessence of this sad story, in which "*nothing has been extenuated nor set down aught in malice.*"

CHAPTER VIII.

THE LAZARD'S GOLD OPERATIONS.

A book like the present, which deals with the development of the *Monetary Question* in all its details in the leading countries of the world, or, as I would like to call it, with the "*commercial position*" of both the precious metals, gold and silver, cannot lay claim to completeness, even in a modest way, without my having paid a passing attention at least to these marvellous gold operations of *Messrs. Lazard Frères*, in July and August of last year. These operations, consisting in *gold arbitrages* between Paris and New York, through the interposition of London at times, have at first passed unnoticed along with the ordinary transactions of the same kind of other houses, but have, as is well known, later on assumed an importance and quite a symptomatic signification unheard of in the monetary history of our times. With regard to this fact a brief sketch,* in which figures and technical expressions shall be avoided as carefully as pos-

* See the complete description of these highly interesting operations in my letters and articles published in July and August, 1891, in the *Financial Times* of London, in the *Berliner Börsen Courier*, and in Austrian papers.

sible in order not to fatigue the reader, seems therefore not out of place.

As already stated, *Messrs. Lazard* began to withdraw gold from America in the ordinary course of business in May and June of last year, directing however their principal attention to London and Berlin, as the rate of the foreign exchanges in Paris did not allow of gold imports into France. Quite on the contrary, there, a pronounced tendency for the rise had been manifesting itself during the first six months, and at times the rate of the leading exchange, London, had at a given moment even climbed up to a pitch which would have allowed gold exports not only to this place but to Berlin* as well. But along with this movement had been presenting itself a demand for gold which could not be satisfied in the open market even at a substantial premium, while the *Bank of France* took good care not to part either with bars or gold coins, whether foreign or national. The situation without being critical, became in July and August,

* The sterling rate had advanced to 25·36 fr., against a theoretical parity of 25·22½ fr., while the Paris exchange in Berlin had one moment even fallen to 80·40 marks, representing a still heavier decline on the basis of the theoretical parity of 81. The quotation of the exchange in New York on France, which for delivery had been done as high as 530 fr., is for 60 days' sight bills, so that about 70 days, at the rate of 3 per cent., had then to be deducted, coming to 3 fr. In Paris, the New York exchange never was pushed to such a level, but it must be remembered that there no negotiations for future delivery ever took place in bills on America. Besides, quotations in New York and in other places of the French exchange have at all times been irregular and unreliable, while in July and August of last year the American bill market has often for this rate precisely been quite demoralised.

with all that, quite uncomfortable, as then already the most serious apprehensions were entertained about an almost alarming deficiency in the French harvest which apparently had to be faced. The foreign exchanges rose in point of fact more and more, and the corn merchants of France became most anxious to secure the cover for their purchases of bread stuffs in America, where the French rate of exchange began to be greatly depreciated, and was at times offered for delivery in September and October at unheard of terms. If it is considered that the theoretical par between the two countries is 518·13 fr., equal to 100 doll., and the so-called gold-point for imports comes to about 515·50 fr., while that for exports could scarcely be fixed then, for want of the precious metal, and that in New York, in Chicago, in New Orleans, and in San Francisco, bills on France were dealt in for future delivery at 528, 529, nay even at 530 fr., one gets an idea how uncomfortable the situation became. And so it did become indeed, first and foremost for the French corn merchants, who wanted to cover at any price for themselves, or (what of course comes practically to the same thing) for their American friends who sold the wheat to France, then for the French bankers, short of remittances as they were, and unable to buy them for future delivery at times, so to say, at any price, and, last not least, for the Bank of France.

The Governor of this institution, a man with

a keen eye for the requirements of the times, was fully disposed to lend a helping hand in case of need, and to place a certain amount of gold at a reasonable premium at the disposal of French bankers, who had been charged by French importers of wheat to cover the exchange, but he refused point blank the metal for what he called ordinary arbitrage operations, with Berlin and England especially. This certainly was a very wise policy, as purely French interests were protected thereby, only the situation was not clearly defined, generally speaking, and in the open market the premium on gold rose further, while even recourse had at the same time been had to the circulation. This nasty picking out of the heavy twenty-franc pieces, called *triage*, was resorted to by everybody, so to say, and caused a great deal of annoyance. Besides, not much exportable gold could be obtained in this way, although in their turn the money changers offered already for all sorts of pieces a slight premium.

As a matter of course, things could not mend in Paris, and, the exaggerated reports of what France would finally have to pay to America for wheat, in gold, aggravating the apprehension entertained still more, the monetary situation became really critical, and the much dreaded "*struggle for gold*" seemed to have broken out in *optima forma*. But when the danger appeared to have reached the highest pitch, there came forward these same *Messrs. Lazard*, and quietly,

as if such a thing as a "*gold point*" did not exist at all, in presence, nay, in the very teeth of adverse exchanges all round, and of that on *New York* particularly, ordered millions and millions of dollars in bars and in eagles from America, mostly destined to the Bank of France. And under these circumstances the drainage of the metal continued for months and months, till the firm had let come from New York not less than 175 million francs; the by far greatest part had been paid at par, let it be well understood, *at par* on the basis of about 517 francs for 100 dollars in gold, into the Bank of France.

A feeling of incredulity seized the French and foreign bankers when the first news of these wonderful and mysterious operations came to hand, and endless were the combinations imagined by the banking world and the Press as to their origin and basis. People grew almost wild with excitement over them in both the old and the new world, and the monetary history of our times has no parallel of the profound impression created thereby everywhere. In Germany, the Press went even as far as to speak of a war-treasure which evidently had to be gathered together, never mind at what expense; while the Bank of France was by others considered as sacrificing untold millions in the shape of accepting *Messrs. Lazard's* bills for three months,*

* The error committed on this occasion is quite incomprehensible. It was, in point of fact, the Bank which in its turn had demanded a

free of interest, by way of compensation. The excitement caused by the impossibility to fathom these mysterious operations was finally even carried to the French Chambers, where the Minister of Finance had to answer to the interpellation of a Deputy without being able to say more than that the Bank paid no premium whatever on the gold imported by the firm in question, nor by anybody else; while, as a matter of course, the idea of another sacrifice alluded to had no foundation at all. At the Bank of France nobody knew a word about the exact basis of the transaction, the real character of which had by common consent of all the partners of the three houses, in Paris, in New York, and in London, been even kept secret from their employés.

Nor do I pretend either to understand the totality of a combination so cleverly devised and carried through under the most adverse circumstances that nobody* dared to imitate it. But what I have gathered from a most careful ob-

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sort of compensation for the engagement taken by exacting from the firm the presentation of bills on France, having from 30 to 40 days to run for discount at the official rate of 3 per cent., when private discount ruled at about 2 per cent. only. I myself have been authorized at the time by the firm to give a flat denial to the erroneous rumours alluded to above, which were for a long while current in the leading financial circles of Berlin and Francfort, where these gold operations had likewise excited the greatest interest.

* In order to be quite correct, it should be stated that one of the leading credit establishments of Paris, has indeed, once let gold come from America at about the same time under similar circumstances. It was the *Credit Lyonnais* which made the same experiment, and as I hear, likewise quite successfully. But this order given to New York for gold was only for a very small amount, and we have evidently here before us nothing but an isolated transaction which has not been repeated later on.

servation of facts and operations connected with the transaction, has let me arrive at the following result. The whole affair was without the least doubt an *ensemble* of most ingenious combinations, the starting point for which has to be sought in Paris, and to which the *Bank of France* lent its assistance through an engagement to return at least part, certainly not all, of the gold paid in at par on the same conditions to the firm at a later period, that is to say, when the drafts on France bought for delivery in America were coming forward. In this way a firm basis for the securing of the exchange in New York and Chicago has been found from the very outset: I mean the purchasing price of eagles by the Bank of about 517 francs for 100 dollars, which in its turn was likewise the selling price, so that on that score no risk could be run by the firm. The corn merchants evidently had to bear the difference, or to be more correct, the charges, consisting of the freight and insurance on the gold, first from New York to Paris, then from Paris to New York, and a certain loss of interest on the returning of the metal, while the Bank, as has been its practice all along, paid for the gold on the very day the cable reported its shipment to a French port. In this way, the exchange for later delivery was covered for account of the corn merchants, who in their turn lost nothing whatever either by the transaction, as proportionally they would not have been able to

sell such drafts even a fraction of a franc better than had been guaranteed to them by *Messrs. Lazard Frères.*

This firm in its turn did an excellent stroke of business by probably charging a slight commission to the corn merchants, or by doing it even for nothing at all, and then for the sake of acquiring at all events only an option, as the expression goes, for nothing for the "*call*" of bills on America at a fixed rate and at a later period. Sure as they were to find in the course of time all sorts of convenient compensations for at least part of the gold lying at their disposal at par with the Bank, they could embark in all sorts of arbitrage operations on a firm and assured basis, as far as the starting-point, *Paris*, was concerned. That they have made ample use of this faculty, and that the by far greatest part of the American gold has even been left for good with the Bank, is well known and speaks all the more in favour of a combination, for which part of the Austrian Press has had no other word than "*Daraufzahlen*"* while a man of the

* See moreover the otherwise very well written book of *Mr. Alfred Ostersetzer*, "*Der Währungswechsel*" Vienna, 1892, in which he dispatches these marvellous combinations with the cool remark that, "*somebody*" had paid for them expressly. He adds that this by no means need apply to *Messrs. Lazard Frères*, but rather to the corn merchants. But they as well, as has been distinctly explained above, have sacrificed nothing, in presence of the well established fact that they never would have been able to sell their bills on France for future delivery even at the rate guaranteed to them by the firm in question. All things well considered, the corn merchants must likewise have done a good stroke of business, as otherwise they would have been going on selling their bills for forward delivery, instead of accepting *Messrs. Lazard's* mediation.

stamp of *Professor Suess* has talked of "*sacrifices*" in the barest meaning of the term.

Mr. E. O. Leech in his excellent Mint Report for 1891, devotes a great deal of space to these operations as well, and comes to the conclusion that the examination of the export-tables were disclosing the very singular fact that out of 70,223,000 dollars shipped by the American bankers, all but 9,300,000 dollars were remitted when the rate of sterling exchange was below the point, 4·886 doll. to the £, at which gold shipments can be made without a loss. He explains the movement by the fact that the banks in Europe must have paid a premium on gold or making discounts to bill-drawers for cash remittances. The latter explanation is not quite clear to me, but I fully agree with the distinguished author's further remark to the effect that "this was the result of a condition of affairs very unusual in the mercantile world."* This much is quite certain that *Messrs. Lazard's* operation have not been fathomed in America either.

* See *American Mint Report* for 1891, page 37. See, besides, the letters from Paris on the subject to the leading New York papers, where the erroneous idea that the Bank of France had paid a premium on the gold imported prevails mostly. Strictly speaking, it cannot even be said that the *Bank of England* paid a premium on eagles, when it put temporarily its purchasing price for them in May, 1891, up to 76sh. 5½d. per ounce gross weight, as this rate represents in point of fact still the equivalent of 77sh. 10½d. per ounce standard. It is true the Bank pays the gold generally only 77sh. 9d., but the difference, it must not be forgotten, constitutes a profit to the establishment. If I remember rightly, the Bank accorded on one or two occasions an extra price of 76sh. 6d. for eagles, and in this instance indeed the fineness of these pieces would on the legal British basis have worked out at 900·5 thousandths, thus indeed showing a premium of ½ per mille.

In the presence of facts and figures of such magnitude as those before us, comprising as they do a series of operations perfectly legitimate, commercially speaking, well devised and ingenious in the highest degree to boot, a total of 175 millions of francs, the greater part of which sent to France, when neither the foreign exchanges nor the relatively high rate of interest practised there made apparently such an operation desirable, not to think even of a profit—with such a state of things before us, I should like to ask a question. Is it right on the part of *Mr. Goschen*, the eminent author of the famous work on the "*Theory of the foreign exchanges*," to present to our generation, to our young students of the *Monetary Question* especially, just now a new, the fifteenth, edition of a work written as late back as in 1861 and not touched up since 1863? These enormous and important changes, which have brought on quite a revolution in the constellation of monetary matters, in the development of the foreign exchanges, not to speak of what has happened in 1891, and been related in this chapter—have they really been a dead letter to the great writer whose authority is often appealed to now when the battle of standards, the ravages of the depreciation of silver, the peculiar position certain monetary systems find themselves in since about seventeen years already, and other kindred subjects have to be studied with the fullest knowledge of facts and perfectly *á la hauteur de la*

situation? Or must we still be told that the relations between London with its pound sterling, and Hamburg, with its *mark banco*—abolished since about twenty years already, and replaced by gold money, the identical standard of England—are different, that silver was a merchandise in London, and gold another one in Hamburg? And must France and the States of the Latin Union still play the same part, as a sort of clearing-house, when one metal in the whole world could be exchanged against the other at the then fixed ratio of 1 to 15½? Why, the Mexican dollar and the Indian rupee are since twenty years already nothing else in France than what they are in the gold country, *par excellence*, in England! But all this should now be explained to the reader who cannot and dare not transport himself any more in a world whose very foundations since thirty years have undergone so complete a change.

A fresh, the third, edition of the work has been published as well in France lately. A new preface, at least, has been added by the distinguished translator of it, who is nobody else but *Mr. Léon Say*, in order to excuse, as it were, the renewing of an old book in its old form. But the work has certainly not gained by it, although the eminent economist tries very hard to defend the description of times gone by since ever so long. It may even be questioned whether it is true what he wishes again to prove on

behalf of *Mr. Goschen*, that there is only one licit operation to attract foreign gold, namely, the raising of the rate of discount. Does not flow gold in countless quantities continually to London and to Paris,* while discount is as low in both places as it never has been. As to the further assertion of *Mr. Léon Say*, to the effect that the work proves more than abundantly that the indicated measure cannot be replaced by anyone else, be it ever so ingeniously devised, or by any other expedient, I must leave the force of this argument to the appreciation of the readers of the present Chapter. This much is certain, *Messrs. Lazard's* operation may be repeated at any time, and in this fact is precisely to be sought the very reason why the secret of the combination is not revealed by any of the members of the firm. Certainly, there is something artificial about it, but both the above eminent writers on monetary matters will recognise its legitimacy, its correctness, its *raison d'être*, while the utility and the efficacy of its working cannot but give general satisfaction, and will be hailed with pleasure once more, should it in the course of time be repeated or imitated in some form or other.

* With money down to about ¾ per cent. for private discount in both places, and in London at ½ per cent. for call loans, the stock of gold of the Bank of England has increased from £23,378,000 at the end of April, to £25,911,000 in the beginning of June of this year, while, notwithstanding the reduction in the rate of the Bank of France to 2½ per cent., the precious metal had in the same period been augmented from 1,447 to 1,558 million francs.

CHAPTER IX.

THE LATEST MONETARY STATISTICS.

WHATEVER may be the opinion of economists on monetary statistics, generally speaking, this much is certain, that the student of the subject before us cannot do without them. I myself am of opinion that the development of this side of the *Monetary Question*, carried as it has been by such men as *Professor Soetbeer*,* *Mr. Edward O. Leech*, Director of the Washington Mint, and his predecessors, *Mr. Robert Giffen*, *Mr. Neumann Spallart* and others, to a perfect science, has contributed to a very great extent to explain certain phenomena otherwise difficult to examine or to be understood, and has in point of fact in itself become a source of most valuable information. There is even more. In times when a change in the monetary system of certain countries has been

* See the excellent last work of this *nestor* of the statisticians of our times "*Litteraturnachweis über Geld-und Münzwesen*," Berlin, 1892, which, in a certain manner completes his famous "*Materialien*," Berlin, 1886, a book translated in all the modern languages, and quite unique in its way. See, besides, the American Mint Reports of *Messrs. Burchard* and *Kimball*, the annual reports of the Deputy-Master of the London Mint, *Sir Charles Fremantle*, and a publication of the *Colonial Office* on monetary statistics of the British Colonies. My other sources of information have been the minutes of the monetary conferences in Paris in 1878, 1881, and 1889.

prepared, these very statistics have played an almost omnipotent part in the shaping of some of the laws referring to the circulation of certain types of money required for the new order of things. In such cases, the legislator has always busily been burying himself in books giving more or less exact data on coinages, withdrawals of gold or silver money, bank-returns, statistics of imports and exports of the precious metals, stocks of gold, of silver and minor coins in circulation or in the hands of the people, and so on.

So well has the *Austro-Hungarian Government* felt the necessity that under present circumstances a book of this kind would render incalculable services to the public and the legislator, that it has published a work* on the subject, which regularly abounds in information on all the subjects coming under consideration, and which most decidedly is the best in its way. It is true not all the monetary matters of the leading States of the world have been treated to such an extent as those of the Dual-Monarchy itself, but the work done there generally is really stupendous. The volume, comprising as it does 446 pages of a greater size than the collection of the sittings on the *Silver Committee* in *England* in 1876, represents, contains perhaps more figures and data than ever have been published on certain monetary matters, at least in the last time taken altogether.

* *Statistische Tabellen zur Währungs-Frage der Oesterreichisch Ungarischen Monarchie, Vienna,* 1892.

As regards the monetary statistics established by myself in the leading countries of the world, this is the way in which I have proceeded. In all cases, where reliable data appeared to me already existing at a given period, I have accepted them either *tel quel*, or with the corrections considered desirable by me in bringing at the same time the figures up to date, either through the different coinages or through the net imports of the precious metals. This latter method of estimating the stocks of gold and silver in several countries has, as a rule, been preferred by me to the loose way of arriving at estimates through the generalizing of certain statistics noted at certain periods with regard to certain amounts of gold and silver coin held by certain banks or other institutions handling a great deal of money. To me it appears entirely wrong to assume, for instance, that because certain five-franc pieces struck under the reign of Charles X. were only found to the extent of a certain per centage in certain *Caisses** of the French Government, or were even

* This is for instance the way in which *Mr. A. de Foville* has been proceeding all along for the estimate of the stock of gold and silver in France. In 1891 he operated again upon the figures received from the *Enquête* Commission, which had been examining on April 26th the decomposition of certain *Caisses publiques*, and of the receipts of a day of the Bank of France. The whole amount thus subjected to certainly quite careful an investigation came to the "formidable" amount of 20,218,140 fr., as far as gold and silver money was concerned. All the different pieces were carefully sorted, and a "*scale of percentages*" was then established, which *Mr. de Foville* has afterwards applied to the whole monetary stock of the country. To form an opinion or to base a calculation, never mind of what sort, upon a monetary circulation of about *eight milliards* of francs by taking certain preceptions obtained from an examination of 20 millions as a good and safe starting-point, appears to me at least the very worst system of establishing statistics of this kind.

held by the *Bank of France* at a certain moment, this very same per centage should be applied to the whole coinage of these pieces which reached the enormous amount of 632 million francs.

On the other hand, my method to base the estimates on the net imports of the precious metals, from which a certain amount is deducted for the industrial consumption, may likewise be defective, as not in all cases the declarations of the respective values of the shippers of bullion* can be relied upon. It is well known that some of them, especially on the Continent, declare a minor value to save forwarding expenses, but it might in this case be said that the error might apply as well to the import as to the export figures, and that in this way a sort of compensation would be brought about. Be this as it may, I have given the matter the utmost attention since a good number of years already, and I may say that many of my figures have been adopted by *Professor Soetbeer*, the greatest living authority on monetary statistics, who himself has in former years devoted a vast deal of study to the subject. Besides, certain of my statements have been admitted to the American Mint Re-

* As regards American monetary statistics, I fully share the opinion of *Mr. E. O. Leech*, another well-known authority in this respect, who in his excellent work on the Precious Metals in the United States in 1889, writes page 56 the following:—"How accurate the record at the custom-houses of the movement of our coins, by way of import or export, has been, it is difficult to say, but it is believed that, for recent years at least, the movements of coin have been so carefully recorded, that no error of any considerable magnitude can have crept in."

ports, and even to the Statistical Tables of the Austrian Government as the best information available, while all the orators on the Monetary Question in the French Chambers on May 31st last, and in the very first instance the Minister of Finance, *Mr. Rouvier*, have been serving themselves of my estimates of the stock of silver money in France in preference to other figures. In the German *Reichstag*, the representative of the Government had on a former occasion likewise pointed out that my researches to ascertain the circulation of gold money in the Fatherland had met with their utmost approval, and deserved the greatest attention. This much I really can say, that free from any party-spirit, which more than once has been displayed on such occasions by certain writers, and searching nothing but absolute truth, I always have based my estimates upon careful calculations, and never have given any figure at random, as has been practised all along by other statisticians with regard to countries whose stocks of gold and silver are indeed very difficult to ascertain.

All this well set before the reader, and the difficulties presenting themselves on this occasion fully explained to him, I now proceed to the establishment of my figures in the leading countries of the world, with regard to the stocks of gold and silver supposed to be held there, together with the amounts issued in minor coin and in paper-money. As a matter of course,

these latter figures and even the sums set down for silver money with legal tender force up to any amount in several countries, which lately have coined such pieces, must be absolutely correct.

AUSTRIA.

The country has since 1857* the single silver standard based upon a florin of 11·11 grammes fine, of which 45 are struck from one pound of fine silver. Practically speaking, nothing but paper-money exists in the country, partly issued by the Government with no cover at all, and partly by the *Austro-Hungarian Bank* with a sufficient metallic reserve. The minor coin consists in a very base silver money struck on the basis of 1 gold to $10\frac{3}{4}$, thus making the silver price equal to $86\frac{3}{4}$d. per ounce standard.

The coinage presented itself as follows from 1858 to 1891:—

In current silver money	... ...	fl. 561,504,000
In fractional currency	... ...	45,278,000
In copper money	... ...	14,873,000
Total	... ...	fl. 621,655,000

Besides, 209·5 million fl. in gold, 85·8 million fl. in Maria-Theresia thaler, and 469 million fl. in Vereinsthaler, were struck in the Austrian mints.

* Before that time the currency had as well been based upon silver only, but since 1762 already, paper money has nearly always been legal tender in the Dual Monarchy.

At the beginning of 1892, the monetary circulation of the county presented itself as follows :—

80,080,191	State notes at	1 fl.	... 80,080,191	fl.
28,551,980	,, at	5 ,,	... 142,759,900	,,
18,730,892	Bank notes at	10 ,,	... 187,308,920	,,
3,120,080	State notes at	50 ,,	... 156,004,000	,,
1,621,913	Bank notes at	100 ,,	... 162,191,300	,,
105,722	,, at	1000 ,,	... 105,722,000	,,
Total of the paper money			... 834,066,311	fl.
Add silver in circulation			... 30,000,000	,,
Fractional currency ...			... 40,000,000	,,
Total circulation*			... 904,066,311	fl.

This figure would represent for 41 million inhabitants about 22 fl. per head of the population. At an exchange of 12 fl. to the £, the equivalent in sterling would be £75,300,000 and £1 16s. 7d. respectively.

ENGLAND.

The country had before 1816 adopted the double standard on the basis of 1 gold to 15·21 silver, making the price of the latter metal equal to 62d. per ounce standard. In that year the single gold standard was introduced, and silver money became thereby reduced to fractional currency, with a limited legal tender force to 40 shill. only.

The monetary statistics of Great Britian are very difficult indeed to establish. The estimates

* The *Austro-Hungarian Bank* held at that time 65 million fl., or £5,400,000 in gold; and 167 million fl., or £14,000,000 in silver; so that the uncovered bank notes came to 222 million fl., or £18,500,000.

of coined gold money held by the people and lying in the banks vary from 80 to 100 millions sterling. Under these circumstances, nothing as a rule has remained but to fall back upon the old figures put forward by the *English Silver Commission* of 1876, according to which the country, in the May of that year, was possessed of £122,368,000 in gold coin, of which then 12 millions were held by the Bank of England. Later on *Sir Charles Fremantle*, Deputy-Master of the Mint, has repeatedly given estimates, based as I understand, on certain data received from the *Bank of England*; but, notwithstanding a good deal of trouble, I have never been able to find out in what way these figures were arrived at. The estimates of Sir Charles Fremantle have been copied with regularity in the American Mint reports. Going back to the year 1884, I find, strange to say, about the same figures as stated above set down as still standing good, and it strikes me that all that was done was to repeat old figures over and over again. For the beginning of 1889, Sir Charles Fremantle gave an estimate, this time in his Mint Report of £80,000,000 in sovereigns, and £22,500,000 in half sovereigns. It is true he tried on this occasion to utilise the imports and exports of gold from 1869 to 1887, but he left out of account altogether the use of the metal in the arts, etc., which is a mighty factor in the question.

Nevertheless, the estimates of Sir Charles Fre-

mantle have so far been received as the best available authority on the subject, *Messrs. Martin* and *Palgrave* have since jointly published in the *Economist* a letter declaring that, all things taken into consideration, the actual stock of coined gold in England could not be accepted as more than 56 millions sterling in sovereigns and 13 millions in half sovereigns. Admitting even that a total of 75 millions could in reality be reached, the discrepancy between the two estimates before us would still be no less than, say, 30 millions sterling, Sir Charles Fremantle's estimate supplied to to the American Mint Report giving for 1890 82 millions in sovereigns and 23 millions in half-sovereigns, or about 105 millions sterling altogether. Unfortunately for the figures of Messrs. Martin and Palgrave, no explanation as to how the ultimate result had been arrived at was furnished, and under the circumstances I think a third estimate, based partly upon official data and partly on combinations of my own of a more or less risky character may be ventured.

The greatest difficulty in the whole matter is to select a starting point from which to begin the calculations. The period I have taken for the purpose is the year 1856, when the famous English statistician, *Newmarch*, had estimated the stock of coined gold in England at between 70 and 75 millions sterling. I take the bigger figure as the basis of my own calculations, and add to it another 5 millions in bars and foreign

coins out of the Bank's metallic reserves, varying in that year from 9 to 13 millions. The total comes, therefore, to, say, 80 millions sterling at the end of 1856, to which figure have now to be added the net imports up to the present, less the amounts presumably used for industrial purposes. Unfortunately, however, the official reports of the movements of the precious metals in England begin only with the year 1858, and it is, therefore necessary to have recourse to an expedient in admitting the amount of gold which in 1857 the Bank had gained, namely 1 million sterling, as a sort of balance in favour of the said year. The figures would then present themselves as follows:—

Years.	Imports.	Exports.	Balance.
1857	—	—	+£1,000,000
1858-61 ...	£70,000,000	£58,000,000	+12,000,000
1862-66 ...	94,000,000	66,000,000	+28,000,000
1867-71 ...	87,000,000	60,000,000	+27,000,000
1872-75 ...	80,000,000	68,000,000	+12,000,000
1876-77 ...	39,000,000	37,000,000	+ 2,000,000
1878-80	43,000,000	44,000,000	— 1,000,000
1881-83 ...	32,000,000	34,000,000	— 2,000,000
1884-85 ..	24,000,000	23,000,000	+ 1,000,000
1886-88 ...	39,000,000	38,000,000	+ 1,000,000
1889-90 ...	41,000,000	28,000,000	+13,000,000
1891	30,000,000	24,000,000	+ 6,000,000
Total...	£579,000,000	£480,000,000	£100,000,000

The balance of 100 millions imported from 1857 to 1891 has now to be reduced by the estimated amount set aside for the use in the arts. If,

working on my own information, and taking on the average 1½ million sterling from 1857 to 1870, and 2 millions from 1871 to 1891, I arrive at a total of, say, 63 millions, so that the net imports of the precious metal would be reduced by that time to about 37 millions. In other words the account would stand at the beginning of 1892 as follows:—

Newmarch's estimate for 1856...	... £80,000,000
Imports on balance	... 100,000,000
	£180,000,000
Less used in industry, etc. ...	... 63,000,000
Stock of gold at the beginning of 1892...	£117,000,000

How much of this total has to be reserved for bars and foreign coins held by the Bank out of a metallic reserve of about 22 millions sterling, I cannot say, no official information being obtainable on this point. I am, however, indebted to the kindness of the late Governor, *Mr. Lidderdale*, for the statement that in the beginning of 1891 the Bank held £14,967,801 in foreign gold coin, and only £212,565 in silver. It has moreover to be stated here that at the end of August, 1883, the *Institute of Bankers* ascertained that the coined gold reserves of 299 banks of the United Kingdom presented themselves in the following way:—

Bank of England	...£11,000,000
English Banks	... 8,100,000
Irish Banks	... 2,800,000
Scotch Banks	... 3,100,000
Total	...£25,000,000

As at that time the Bank of England held metallic reserves amounting to 25 millions sterling, about 13 millions in foreign coins and bars, together with, say, one half-million in silver, must then have been held there, and this proportion we very closely meet indeed with once more in January of last year, so that we would have found ourselves most likely for the beginning of 1892 in presence of, say, £103,000,000 in sovereigns and half-sovereigns. Sir Charles Fremantle's estimate for the end of 1890, estimating the stock of coined gold at that period at

Sovereigns	...£82,000,000
Half-sovereigns	... 23,000,000
Total	£105,000,000

approaches mine for 1892 very closely, while the figures given by Messrs. Martin and Palgrave are inadmissible and certainly much too low.

According to my researches, the monetary statistics of the *United Kingdom* would have presented themselves at the beginning of 1892 in the following way :—

Gold at the Bank of England ...	...£22,300,000
,, ,, Scotch banks	... 4,300,000
,, ,, Irish banks	... 3,100,000
,, ,, English banks	... 8,300,000
Gold in circulation	... 80,000,000
Silver in Banks and in circulation	... 26,000,000
Bronze money	... 1,900,000
Uncovered notes of the Bank of England	3,300,000
,, ,, ,, Private banks	... 1,000,000
,, ,, ,, Joint Stock banks	... 1,200,000
,, ,, ,, Scotch banks	... 1,700,000
,, ,, ,, Irish banks	... 3,600,000
Total	£156,700,000

This would give us for 38 million inhabitants the following figures *per capita*:—

In gold	Sh. 62.—
„ fractional currency	14.—
„ bronze money	1.—
„ uncovered notes	5·7 d.
Total	Sh. 82·7 d.

The coinage presented itself in the United Kingdom as follows:—

In Gold—	
From 1817 to 1891	£278,667,300
Less withdrawn from 1870 to 1891*...	25,104,642
Left on balance...	£253,562,658
In Silver—	
From 1817 to 1891	£38,247,642
Less withdrawn from 1861 to 1891 †...	6,568,977
Left on balance...	£31,678,665
In Bronze Coin	£2,011,000

Part of the silver and bronze money coined in the London Mint has been sent to those of the colonies which have adopted the monetary system of the Mother country. Besides this establishment there exists a private mint in *Birmingham*,

* The above figure has been received from *Sir Charles Fremantle*, Deputy Master of the Mint. The Austrian *Statistischen Tabellen* comprise in the list up to 1890, £14,137,000, according to the Bank Convention of 1842, and £12,887,438 since; together, therefore, £27,024,438.

† Likewise received from the above source, against a total of the *Statistischen Tabellen* of £29,170,779 coined from 1816 (?) to 1890, of which £2,653,522 only were withdrawn from circulation, so that on balance only £26,517,257 had been left. For silver, returns are only available since 1861, as far as the withdrawals are concerned.

formerly worked by *Messrs. Ralph Heaton & Sons*, and now transformed into a company under the name of "*The Mint Limited*," whose speciality is the coinage of token money of all sorts, and which precisely has furnished all along such coins to the British Colonies.

Two mints in *Australia*, the one in *Sydney*, established in May, 1855, the other in *Melbourne*, erected in June, 1872, have struck from that time up to the end of 1891, £67,199,000, and £45,904,529, respectively in gold, the by far greatest part of which has as well come to England. The amount of gold held in the colony is estimated by some writers at about 30 millions sterling, of which the banks held in September of last year about 20 millions.

FRANCE.

The country had, on the 6th April, 1803, finally adopted the bi-metallic monetary system on the basis of 1 gold to 15½ silver, making the equivalent of the price of silver equal to 60⅞d. per ounce standard. The suspension of the coinage of five-franc pieces was decreed on the 5th August, 1876, but already on the 31st January, 1874, an agreement had been arrived at between the States of the Latin Union introducing the so-called *Contingency-system*, by which certain amounts were allotted to France, Belgium, Italy, Switzerland, and Greece. The resolution to cease the coinage of current silver money of the five-franc type

altogether, dates from the 5th November, 1878. Since that time, all the countries of the Latin Union are under the *régime* of the so-called *limping double standard*; gold alone is coined, and fractional silver money need only be taken in payments up to 50 francs, while five-franc pieces continue to be full legal tender up to any amount.

As regards the coinage of gold, silver, and bronze money from the time the law of the 18th Germinal, year III. (7th April, 1795) came into force, that is to say, from the adoption of the decimal system to the end of 1891, it presented itself in the following manner:—

Gold...	fr. 8,755,869,130
Five-franc pieces	5,062,508,826
Fractional currency	256,000,000
Bronze money	65,339,028

These figures do not comprise 71,082,860 fr. in ten and five-franc pieces in gold, and 221,166,304 fr. in fractional currency withdrawn from circulation. The bulk of the gold coinage belongs to the reign of *Napoleon III.*, during which period not less than 6,152 millions were struck in the precious metal against only 626 millions in silver. As regards the issue of five-franc pieces, about 1,756 millions bear the head of *Louis Philippe*, 460 millions the Arms of the *Second*, and 436 millions those of the *Third Republic*.

The question now arises what amount of this enormous gold and silver coinage remains at present in the country. As a matter of course,

all, or nearly all, the minor silver coin and the bronze money must still be in circulation; it may even be asserted that the first has been largely increased by the influx of Italian and Belgian fractional currency during the last few years. On the other hand, French money of this kind circulates in the countries of the *Latin Union* and in some of the French colonies which have adopted the monetary system of the Mother country. All things considered, I believe that at least 280 million francs of minor silver coin must be reckoned as circulating at present in the country, or held by the Bank of France. As regards bronze coin, nearly all that has been issued remains in circulation, and the Paris Mint coins every year 200,000 francs of it, and will do so until a maximum of 70 million francs is reached.

So much for the minor coin, for which estimates can easily be given. The case is quite different with the current *silver money* of the five-franc type, and still more so as regards *gold*. There exist in point of fact, no indications whatever as to the actual amount in the hands of the people, and the control of the monetary circulation instituted by the law of 31st July, 1879, with its tests or verifications of a certain amount of gold coins, for instance, is, as already alluded to before, in my opinion, the very worst rule of probabilities for establishing statistics that could be adopted. It is true rough estimates have

been ventured now and then in English and French papers of the stock of gold and silver in France, but to all appearances they have been made quite at random; anyhow, they never have been shown to be arrived at by any systematic method. To prove in how loose a way such questions have been judged, it suffices to cite the statement contained in the report of the *English Silver Commission*, published in 1876, according to which of the 4,487 millions coined till then in five-franc pieces, 2,000 millions in pieces containing gold (*sic*), and 1,000 millions in pieces without gold would have been exported, so that on balance 1,487 millions were left in the country. This figure, which, as we shall see hereafter, cannot be accepted, was stated to come from "*a great authority*," and made at the time the round of the English Press. It has also been cited repeatedly since.

Seeing that it would be quite impossible to base any estimate worthy of attention upon the data hitherto given by various experts on monetary matters, I resolved on a new method of my own to arrive at the truth as far as this might be possible. In the first instance, I tried to find a starting point for my calculations, and was fortunate enough to be able to select for that purpose the year 1815, as the period which permitted me, through the official records of the demonetisation of the old French gold and silver money, to ascertain almost with certainty what the stock of metallic money then was in the

country. Both gold and silver had at that time, when peace was re-established, been circulating to a very large extent in France. Leaving aside all foreign money, which could, as a matter of course, not be controlled, I found that the stock of gold came then to at least 600 million francs, while that of silver could not have fallen short of 1,500 millions. Once the existing circulation of metallic money* in the country well established, I set to work by basing my further researches on the official figures of the imports and exports of the precious metals, reserving at the same time a certain amount of both of them for the industrial consumption. This latter point is, no doubt, open to discussion, and I by no means wish to insist on the correctness of this part of my calculation. Anyhow, it shows that I have left no factor to be considered out of play.

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* The estimation of both these amounts is indeed not difficult to establish, as the documents of the Ministry of Finance indicate the sums of old duodecimal gold and silver coins withdrawn later on from circulation, and coming in 1854 to the following total :—

Old gold coin	fr. 137,000,000
,, silver ,, ...	1,334,000,000
Silver 15 and 30 sols pieces	18,000,000
Total	fr. 1,489,000,000

On this basis I have been able to form a thoroughly correct opinion of the monetary statistics of the country in 1815 after the war, when the stock of gold and silver apparently must have been as follows for *silver* :—

Coinage from 1795—1803	fr. 106,000,000
,, ,, 1803—1814	930,000,000
Old silver money	450,000,000
Total of silver	fr. 1,486,000,000

As regards *gold*, the coinage of 576 millions from 1803—1814 has been taken as being then still in existence.

As regards *gold*, the movements presented themselves in the following manner. From 1815 to 1836, only 87 millions were exported; from 1837 to 1852 another 126 millions have to be added, likewise on balance. But the ensuing period, comprising the years 1853 to 1864, with the enormous yields of the Californian and Australian mines, brought to France an unprecedented stream of the precious metal, which reached the total of 3,360 million francs imported on balance. From 1865 to 1870, 1,630 millions were imported into France. Then followed a period of great political agitation with an export of 375 millions on balance, but once more, from 1874 to 1877, the precious metal poured endlessly into the country, and 1,841 millions were imported. From that time to 1885 an export of 30 millions is observable, while the period of 1886 to 1891 shows a balance in favour of France of 77 millions. The total of gold imported into the country from 1815 to 1891 comes thus to nearly 6,500 million francs, from which figure must be deducted 273 million francs paid in gold by France to Germany. From this total of 6,500 million francs obtained from the net imports, and the stock held in the country in 1815, less the German ransom, have now to be deducted the amounts absorbed year by year in the arts, etc. In accordance with a variable scale adopted by me for decennial periods, I arrive at a total consumption in this way of about 2,900 millions, so that, say, 3,600 million francs

would have been left of this amount in circulation and in the Bank of France in 1892.

This is, in point of fact, how matters would have presented themselves at this time:—

Stock in 1815	fr.	600,000,000
Net Imports from 1815—1891 ...		6,500,000,000
Total	fr.	7,100,000,000
Less Industrial consumption from 1795—1891, say		2,900,000,000
	fr.	4,200,000,000
Less German ransom		270,000,000
Left on balance at the beginning of 1892	fr.	3,930,000,000

The movements of *silver* from 1815 were as follows:—From 1815 to 1824, 290 millions were imported on balance, to which had to be added 530 millions from 1825 to 1829; 669 millions from 1830 to 1836; and 1,625 millions from 1837 to 1852. But from that time the state of things changed entirely, the import of the metal from 1853 to 1864—the period during which the price of silver exceeded repeatedly the so-called par of 60$\frac{7}{8}$d. in London, and in 1859 reached even the unheard of price of 62$\frac{3}{4}$d. being only 1,778 millions, while the export swelled to the extraordinary figure of 3,501 million francs. We find ourselves, therefore, in presence of an export on balance of 1,723 million francs, and this very figure differs considerably from the estimate received by the *English Silver Commission* from "*a*

great authority." Since the year 1864 the imports have been on balance—562 millions from 1865 to 1870; 298 millions from 1871 to 1873; 792 millions from 1874 to 1877; 392 millions from 1878 to 1885; and 161 millions from 1886 to 1891. The total net import of silver from 1815 to 1891 amounted, therefore, to 3,596 million francs, from which figure have again to be deducted 239 millions paid to Germany in silver. The grand total of silver money—five-franc pieces and fractional currency—would then amount to 4,900 million francs, less, say, 1,340 million francs,*

* See my polemic in the *Economiste français*, with *Mr. A. de Foville*, Chief of the Statistical Office of the Ministry of Finance, who gives an estimate between 2,000 and 2,500 million francs only for the stock of silver coin. Taking the higher figure for the basis of the calculation, this would mean that not more than about 2,200 million francs in all sorts of five-franc pieces were in circulation in France, or held by the Bank. As there are at present about 340 million francs in foreign *écus* counted and stored away with this establishment, while at least 160 million of francs of such money are in circulation, another 500 millions would have to be deducted in order to arrive at the real stock of French five-franc pieces at the present day. This, in point of fact, would mean that 1,700 million francs only would have been left over from an original coinage of not less than 5,060 million francs. In other words, the enormous sum of 3,360 millions, equal to about *seventy* per cent, would have been exported and melted down. The impossibility that such a calculation can be correct, never mind in what manner it may have been arrived at, strikes the eye all the more so as, according to the official figures, the net exports during the time when silver quoted in London substantially above 61d., the price at which the metal could be exported in the form of bars, but by no means in coins, without, however, even taking forwarding expenses and commissions into consideration, came only to 1,723 million francs. It will be remembered that the period in question comprised only the years 1853 to 1861 in the first instance, and 1862 to 1864 in the second, while in the ordinary course of business no silver could be taken from France down from 1833, the year since when regular silver quotations are kept in evidence up to the present day. But, strange to say, even in this extraordinary period, from 1853 to 1864, the Paris Mint had been able to coin not less than 143,700,000 francs in five-franc pieces alone. This fact proves clearly that even then the metal could sometimes profitably been taken to the French Mint, and that consequently during the

the figure I have set aside for the industrial consumption, in following up the same method as that adopted in the case of gold. Under these circumstances, the actual stock of silver money in France would come to 3,500 million francs, as will be seen by the following statement:—

Stock in 1815	fr. 1,500,000,000
Net Imports from 1815—1891 ...	3,600,000,000
Total...	fr. 5,100,000,000
Less industrial consumption from 1795—1891, say	1,340,000,000
	fr. 3,760,000,000
Less German ransom	240,000,000
Left on balance	fr. 3,520,000,000

This very large amount of silver coin of the five-franc type and of fractional currency has by no means to be considered of French coinage alone. It is true the exact state of things cannot be ascertained, as no proper *enquête* has been made for ever so long, but it is a well-known fact that the Bank of France alone held some time ago 132 millions in Italian and 204 millions in Belgian five-franc pieces, besides 6 millions in Swiss and Greek coin and 10 millions in foreign fractional currency. In estimating the total of such pieces, therefore, at, say, 500 million francs, we would still find ourselves in presence of 2,700

very time apparently favorable to the exportation of silver, an undercurrent of a decided magnitude was at certain moments perceptible. And let it not be forgotten that the coinage charges on five-franc pieces came all along to as much as $\frac{3}{4}$ per cent. *Sapienti sat!*

million francs in French current silver coin, and the actual position of the monetary situation of France would be as follows at the beginning of 1892 :—

Gold coin and bars at the Bank ...	fr. 1,338,000,000
Gold coin in circulation	2,600,000,000
French five-franc pieces at the Bank	914,000,000
Foreign five-franc pieces at the Bank	340,000,000
French five-franc pieces in circulation	1,800,000,000
Foreign five-franc pieces in circulation	160,000,000
French fractional currency... ...	250,000,000
Foreign ,, ,, ...	30,000,000
Bronze money	65,000,000
Uncovered bank notes	572,000,000
Grand Total ...	fr. 8,069,000,000

This would be equal for 38 million inhabitants to 212 fr. per head of the population, and would give us an equivalent of £322,700,000 and of £8 6s. respectively.

GERMANY.

The new monetary law which decreed the introduction of the single gold standard, dates from the 9th July, 1873. As a transitory measure the thaler were kept in circulation as full legal tender money up to any amount for 3 marks, but up to the present day they are still left there in the same condition, and in point of fact the country is in the same position as the States of

the *Latin Union*, that is to say, afflicted with the *limping double standard*. But what is worse in Germany, considered from a merely theoretical point of view, than in France, in Holland, and in other countries, is the fact that a silver piece of 3 marks has full legal tender force there where a piece of 5 marks needs only to be taken in payment up to 20 marks. Practically speaking, this rather queer disposition of the law which as a matter of course must only be looked upon as an exceptional measure—it is true now in force for 20 years—means nothing at all, as all the canals of intercourse of the country are saturated to overflowing with gold, and as there can be no question at all of large cash payment, being effected in depreciated silver money.

The coinage of the new money presented itself as follows from 1872 to 1891, after deduction of the withdrawals:—

In gold money	...	...	marks 2,587,168,000
In silver ,,	...	...	457,017,000
In nickel ,,	...	...	46,171,000
In bronze ,,	...	...	11,370,000
	Total	...	marks 3,101,726,000

The difficulties which crop up in the estimation of the actual stock of gold in this country, are by no means so numerous or important as in the case of England, and especially of France, because we have to deal with a new currency system established only about 20 years, during which time ample opportunity has been afforded

to watch and note all the sums of coined gold which have left the country through the play of the foreign exchanges, or for other reasons. In the last respect, it has to be noted that the *Russian State Bank* held at the end of last year an unusually large amount of German coined gold, of which not less than 55,332,980 marks were for account of the establishment itself, while another 619,380 marks belonged to the Treasury. The *Austro-Hungarian Bank* possessed at the same time 2,926,000 marks, and the *Swedish State Bank* about 700,000 marks. The grand total of German-coined gold held abroad came, therefore, to about 60 million marks.

As regards the consumption of the precious metal in the arts, it has been reckoned that of late about 15,500 kilos of fine gold have been used annually in this way in Germany, of which about half is obtained by melting down foreign and German gold coins. I had estimated up to the year 1889 about $7\frac{1}{2}$ million marks annually to represent the absorption of German crowns for industrial purposes, but have found it necessary to increase this amount to 10 millions on account of the practice adopted in *Southern Germany*, especially by certain manufacturers, to use coined gold in preference to bars, although the latter might from time to time work out cheaper. All these circumstances considered I give now a statement of the sums to be deducted from the total amount of coinage from 1874 to 1891.

Re-coinages in European Mints	... 110	million marks.
,, American ,,	... 70	,, ,,
Industrial consumption in France	... 10	,, ,,
,, ,, Switzerland	... 20	,, ,,
,, ,, Germany	... 140	,, ,,
Stock in foreign banks	... 60	,, ,,
Total end of 1891 ...	... 410	,, ,,

In deducting this sum from the total coinage, in crowns and half-crowns, of 2,587 million marks, we have before us a balance of 2,177 million marks, to which have to be added the sums held by the *German Reichsbank* in gold bars and foreign gold coins, coming at that period to 354 million marks. The total of gold coin and bars held by Germany at the beginning of the present year may, therefore, be set down at somewhat above 2,500 million marks, or, say, 125 millions sterling, against 117 millions sterling attributed by me to *England* at the same period. Germany is therefore ahead of the gold country *par excellence* by at least £8,000,000.

As regards *silver money*, the total coinage of fractional currency comes to 457 million marks, while the amount of old thaler still circulating in the country or held by the Reichsbank is still estimated at 350 million marks. The latter establishment had collected at the beginning of this year in addition about 78 million marks in Austrian thaler on behalf of the Government, which are already demonetised now, and of which Austria has, in April last, taken back about 9 millions

as the third part of the 29 millions allotted to her by way of agreement. As regards the amount of silver held by the *Reichsbank*, no details are, as I have already remarked before, published, but I have good reason to believe that the stock of the white metal there has never exceeded 200 million marks in these last years, and that it stands at about 190 million marks* at the present moment. The principal figures coming into question presented themselves as follows during the last sixteen years:—

End of Year.	Bank's Reserves.	Bar Gold and Foreign Coin.	Gold Coinages.
	In Millions of Marks.		
1876	500	42	159
1877	452	71	112
1878	472	40	125
1879	539	59	46
1880	522	67	28
1881	514	71	15
1882	558	147	13
1883	559	115	88
1884	517	71	58
1885	618	193	8
1886	669	287	35
1887	767	342	118
1888	858	436	144
1889	734	245	202
1890	759	237	99
1891	902	354	60

* *Professor Soetbeer* writes me that a rumour was current in Berlin at the end of 1891, according to which the Bank held then about 670 million marks in gold coin and bullion, and 230 millions in silver, inclusive of the 78 million marks in Austrian thaler.

Some of these figures are very instructive indeed, and illustrate in a most eloquent manner to how great an extent the *Reichsbank* has been able to attract gold, from abroad of course, from 1884 to 1891. That this gold has really been received from foreign parts is clearly indicated by the figures set down for the coinages which reached enormous dimensions in 1887, 1888, and especially in 1889. For this reason all the public channels of the country are precisely saturated to overflowing with the precious metal, as already stated by me above.

All circumstances well considered, the monetary statistics of the country would present themselves at the beginning of 1892 as follows:—

Gold in the banks of issue ...	marks	776,000,000
,, in Spandau		120,000,000
,, in circulation		1,600,000,000
German thaler		350,000,000
Austrian Vereinsthaler ...		78,000,000
Fractional currency		457,000,000
Nickel money		46,000,000
Bronze ,, ...		11,000,000
Uncovered Bank notes... ...		330,000,000
Treasury notes		120,000,000
Total	marks	3,888,000,000

This would give us for 50 million inhabitants about 78 marks per head of the population, or £194,400,000 and £3 18s. 0d. respectively.

It is most interesting to cast a glance at the monetary statistics of Germany somewhat before the currency reform, which commenced in 1871.

In this case, the figures can be established with absolute accuracy, as far as gold money, silver coin, with the exception of the still circulating thaler-pieces and billon-money are concerned. Assuming that about 430 million marks in one-thaler pieces of German and Austrian coinage are still outstanding, the monetary statistics would in 1871 have been presenting themselves as follows:—

In gold coin	marks	91,000,000
,, silver ,, ...		1430,000,000
,, billon money		79,000,000
Grand total ...	marks	1620,000,000

All this money has, as will be remembered, been demonetised, with the exception of the thaler pieces, and on this occasion it was found that of the silver coins of the higher denominations, about nineteen per cent. had been melted down or exported. So correct proved this estimation in the case of the Austrian *Vereinsthaler*, which have been withdrawn during the present year from circulation, and of which 78 million marks, that is to say, 85 per cent. have been presented for reimbursement out of a total coinage of 92 million marks, that this very *per centage* has been retained for the basis of estimates in other countries, of the probable stock of silver money. In Holland and in Belgium principally, similar calculations have been had recourse to, while in France *Mr. A. de Foville*, ignoring intentionally, without doubt, such facts and figures,

has come to the very strange conclusion that there not about 19 per cent. only, but nearly *seventy* per cent.* of the original issue of silver coins of the five-franc type ought, in his opinion, have been melted down and exported. With all that, *Germany* was from the beginning of the century, up to 1871, a regular silver country, and silver could be taken from there to London and to the Far East generally, at any price, if the sterling exchange in Germany only allowed it, while in *France* not one kilo of the metal could be exported, unless the price had substantially risen above $60\frac{7}{8}$d., marking the so-called bi-metallic parity between gold and silver at the then fixed ratio of 1 to $15\frac{1}{2}$.

HOLLAND.

The country had in 1816 adopted, instead of the single gold standard adhered to up to that time, the bi-metallic system based upon a ratio of 1 gold to $15\frac{7}{8}$ silver; in 1847 this ceded the place once more to the silver standard, and in 1875, again a change was made, by decreeing the coinage of gold pieces this time at the ratio

* I lay once more particular stress on the signification of the above figures, on which I had already drawn the attention of the reader in the chapter treating of French monetary statistics. The above establishment of the German statistics, which has stood the test of an actual verification through the demonetisation of the respective coins later on, shows once more how dangerous it is to observe certain results obtained from the examination of certain *Caisses* at a certain time, and to apply them to the totality of the monetary circulation by way of generalizations.

of 1 to 15⅝, making silver equal to 60⅝d.* per ounce standard.

From that time the *limping double standard* had been adopted by the Government, which by no means favours the coinage of gold money, but leaves things in this highly unfavourable state since ever so long. The circulation of gold pieces in the country comes to nothing, but about 24 million florins are supposed to be in the hands of the people. The *Netherlands Bank*, it is true, places at the disposal of the bankers its stock of gold of about 40 million florins, amongst which a certain amount of foreign gold coins is held.

The coinage came from 1840 to 1874 to 490,000,000 florins in current silver money and in fractional currency, of which about 355 millions have been sent to the colonies, so that only about 135 millions remain in the Mother country. The gold coinage amounted from 1875 to 1887 to 75,933,000 florins, since then only trifles have been struck in the Utrecht Mint.

The monetary statistics of the country may be established at the beginning of 1892 in the following way :—

* Why precisely this ratio should have been adopted is really difficult to say. The price of silver, anyhow, fluctuated in 1875 from 55½ to 57⅝d., and the average came to about 57d., representing a ratio of 1 to 16½. The monetary history of the country is rich indeed in anomalies and irregularities of this kind. Let it, by the way, be remarked that ten years later, in 1885, *Egypt* introduced the new *fractionl currency* on the same basis upon which the Dutch bi-metallic monetary system has been built up. Is it not strange that a country of the wealth and rank as Holland, tolerates such utter confusion which, as observed already on a former occasion, has reached its climax in the colonies, where nothing but silver-money, or to be more correct, *token-money*, circulates or forms the metallic reserve of the notes issued by the *Java Bank?*

Gold at the Bank	fl. 40,000,000
,, in circulation	24,000,000
Silver at the Bank	80,000,000
,, in circulation	55,000,000
Fractional currency	7,600,000
Bronze coin	1,800,000
State-notes	15,000,000
Uncovered Bank-notes	83,000,000
Total	fl. 306,400,000

This would give for 4½ million inhabitants 68fl. per head of the population, or £25,500,000 and £5 14s. respectively.

ITALY.

The country belongs to the *Latin Union*, and the general state of things is the same as in France and in Belgium. Formerly paper money reigned supreme in the kingdom, but in 1883 the resumption of specie payments was decreed, although since then it has, properly speaking, only existed on paper. It is true an amount of 350 million lire of State-notes had been created with the intention to get them always exchanged against gold and silver, yet, although there exists a sort of metallic reserve of about 124 million lire, such has never been the case. In the meantime a premium on gold, and, as a matter of course, on silver as well, has been firmly establishing itself in the country, which at times has been run up to 5 per cent. In point of fact, during the whole year of 1891, all the foreign exchanges have been adverse to the country, and more than

once remittances in gold and in silver had to be resorted to, when bills on France, the country which principally serves as intermediary for Italian Exchange transactions, could not be obtained at convenient rates. To such an extent was actual coin employed for that purpose, that even the fractional currency was not spared. It is calculated, in point of fact, that at least 50 million lire in one and two lire pieces gradually found their way to Switzerland and France, and the circumstance that the *Bank of France* holds at this moment not less than 11 million lire of such money, shows to what an extent silver coin of the lowest type has been amassed in some quarters abroad. As regards five-lire pieces, which form legal tender up to any amount in the States of the *Latin Union*, while small coin need only be accepted up to 50 francs, those of the national coinage amounting altogether to 364,000,000 lire have nearly all left the country.

This is the situation as it presented itself at the end of last year. The Banks of Issue held in five-lire pieces 50 million lire, and in foreign five-franc pieces 5 millions, together 55 millions in silver. In the Treasury there was a further stock of 10 millions, so that the total amount of such money came to 65 millions. As few pieces of this value are to be found in circulation, where they have been replaced by an issue of 340 millions in five and ten lire notes of the State the foregoing figure represents in point of

fact all that remains of the amount issued, of which certainly 350 million lire must still exist, as the coinage of such money fell in a period when the London silver market was already troubled, and when the melting down of it could hardly be thought of. According to my researches, I think that the Italian five-lire pieces may be distributed in the following way:—

In Switzerland, say	lire	30,000,000
,, France ,, ...		128,000,000
,, the Bank of France		132,000,000
,, the Italian Banks		50,000,000
,, the Italian Treasury		10,000,000
Total	lire	350,000,000

As will be seen from this table, Italy has to take back from France and Switzerland, at the expiration of the Latin Union Treaty, not less than about 300 million lire in five-lire pieces of her coinage, which have to be exchanged against gold money. All that Italy can return to its monetary allies in the same shape is the paltry sum of 5 million lire lying in the Banks of Issue, and belonging, probably, to France, to Belgium, and to Switzerland.

As regards *gold money*, the position is scarcely more favourable. At the moment when the resumption of specie payments was effected — in April, 1883—the stock of the precious metal presented itself as follows:—

Gold in the Banks	lire	77,000,000
,, Treasury		515,000,000
Total	lire	592,000,000

To this sum had to be added then 81 millions in silver in the Banks, and 19 millions in the Treasury, so that the grand total came to 692 millions, which figures, for the sake of completing the data ought to be augmented by 144 millions in fractional currency. This latter sum had in its turn since been brought up to 202 millions, but as about 50 millions thereof have left the country in the interval no change need be made there with regard to the estimate.

It is clear that the measure for the resumption of payments in metallic money carried the removal of gold and silver from one place to another along with it, and thus we find the following positions in successive years after the resumption of payments. The stock of the precious metals in the Banks of Issue was as follows:—

	Millions.		Millions.
End of 1883,	gold...220	End of 1888,	gold...353
,,	silver 99	,,	silver 81
End of 1884,	gold...306	End of 1889,	gold...313
,,	silver 65	,,	silver 48
End of 1885,	gold...281	End of 1890,	gold...354
,,	silver 56	,,	silver 48
End of 1886,	gold...301	End of 1891,	gold...371
,,	silver 43	,,	silver 71
End of 1887,	gold...314		
,,	silver 65		

The decrease in the amount of gold in circulation since 1883 came to no less than 134 million lire, to which have to be added a loss of 50 millions in five-lire pieces, and another 50 millions in fractional currency. As a matter of course, this impoverishment in the currency of the country

had to be made good in another form, and for this purpose the issue of paper money was resorted to. At the outset, that is to say, by the law of 30th April, 1874, it was decreed that the Banks of Issue should not let their emissions exceed 755 million lire, but a further prescription, dated 28th June, 1885, allowed them to increase this figure on the condition that an amount equivalent to the surplus issue was held in gold or silver money. At first all went well, but later on the several decrees were set aside, and for years the Banks' issues of paper money have been largely in excess of the limit fixed by law. At the end of last year the total came to 1,121,000,000 lire, of which 29 millions were covered by a like amount in gold and silver, and 124 millions issued for account of the Government, against a sum of 948 millions in 1885, of which as much as 128 millions were secured by the special cover. At the same time the Government, as already mentioned, has issued 350,000,000 lire in five and ten-lire notes, of which about 340 millions are outstanding, and against which about 124 millions are held in gold and silver, besides a stock of about 41 millions nominally in demonetised Bourbon piastres.* The latter do not figure in any of the accounts, and

* This stock has in the meantime been decreased to 37 millions, with an actual value of about 27 million lire. While the above was in the Press, the Italian Government has taken the resolution to sell this silver bullion gradually in the London market, and to employ the proceeds for the payment of the new guns to be acquired.

were to a certain extent destined for the coinage of Colonial money, of which, however, as we have seen in another chapter, very little has after all been issued.

All circumstances considered, this is the way in which the monetary circulation of Italy should be stated at the beginning of 1892:—

Gold in the Banks	lire 371,000,000
Gold in the Treasury	114,000,000
Silver in the Banks...	71,000,000
Silver in the Treasury	10,000,000
Fractional currency	150,000,000
Bronze coin	75,000,000
Uncovered State notes	621,000,000
Uncovered Banknotes	226,000,000
Total	lire 1,638,000,000

This would give us for 30 million inhabitants about 55 lire per head of the population, or, £665,000,000 and £2 4s. 0d., respectively.

The coinage was as follows from 1862 to 1886:—

In gold money	lire 420,383,000
In five-lire pieces	364,566,000
In fractional currency	202,400,000
In bronze money	76,200,000
Total	lire 1,063,549,000

RUSSIA.

In a country like *Russia*, where, since 1855, paper money has been the only circulating medium, the establishment of monetary statistics cannot, properly speaking, be followed up. The

only point of interest to be considered would be the collection of figures referring to the stock of gold and silver held by the *Russian State Bank*, either for own account or for the Government.

It is true, in the long run, the one gets mixed up with the other, and the whole amount of gold deposited there for ever so long, must in point of fact be considered to form more or less a sort of *war treasure*,* or a metallic reserve in case of need. This is the impression at least one arrives at in investigating the amounts in gold, placed from time to time to some account against the issue of notes, the redemption of which in metallic money never has been taken into consideration, either as regards the old emission of 780 million roubles, against which 210 millions in gold and one million in silver figure continually as a sort of reserve; or with respect to the 75 millions issued temporarily and entirely covered by gold. The rest of about 266 million roubles, of which at the end of December, 1891, 14 millions were held by the Bank itself, represents likewise an

* I had already used this term in my last pamphlet, "*Gold, Silver und die Valuta-Herstellung*," Vienna, 1892, but it has met with some contradiction on the part of the Press. As, however, since then *Mr. Burdeau*, Member of the French Chambers, whose name has all of a sudden come to the front in a most conspicuous way on account of his remarkable report on the *Bank of France*, has applied this same expression, "*war treasure*" to the stock of gold held by that establishment, and coming at about the middle of June to 1577 million francs, I not only maintain my appreciation of the state of things in Russia, but I lay even particular stress on the fact evidently before us. The term has further been made the most of in some of the speeches on the Currency Reform in Austria by certain orators trying to demonstrate that this country should imitate the example set by Germany, Russia, and, last not least, by France.

extraordinary issue, for which, however, no regular cover exists.

The most remarkable fact coming under consideration with regard to these enormous metallic reserves, consists in this, that the Russian Government, since many years already, has amassed nothing but gold, and has even seized, in 1890, an opportunity to get rid of the greater part of silver then held by the Bank. This fact speaks volumes indeed, and clearly indicates that, should at a given moment the resumption of specie payments be thought of, nothing else but a single gold standard* would be adopted by the Government. To the careful student of monetary matters it will besides not have escaped that in 1886 a new currency law had been introduced into the country, by which the silver rouble had been entirely placed in the background and the gold rouble, that is to say the fifth part of a half-imperial (which in point of fact is in its turn nothing else than a twenty-franc piece), made the most of. As much as $6\frac{2}{3}$ per cent. coinage charges had on this occasion been put on the silver rouble, in order to take away from it at

* See the interesting pamphlet of *Mr. Raphael Georges Lévy*, "*Les Finances Russes*," Paris, 1892, in which the question of a currency reform in Russia is treated in the sense of the adoption of the single gold standard, with silver as fractional currency only. The author is certainly right in attributing to *Mr. Wishnegradski* mono-metallic ideas, all the more so as the monetary policy, followed up hitherto by the present Minister of Finance, has evidently proved a decided predilection even for gold on the part of the Russian Government. *Mr. Lévy* very judiciously adds that this country would without doubt proceed in the same way as Austria-Hungary has done.

the very beginning the character of current silver money, while the gold pieces are struck for private account in the Petersburg Mint at 1 per cent. coinage charges only.

In point of fact the silver rouble is nothing else but a commercial silver coin, and a very costly one into the bargain, which, as a matter of course, everybody carefully avoids. For this very same reason the coinage of this piece has nearly ceased in the Petersburg Mint, and in 1890, for instance, only 90,256 roubles had been coined, while in 1891 the total had reached 1,117,000 roubles; no doubt for the trade with some Asiatic tribes, who sometimes prefer roubles to other silver coins of this kind.

As regards the stock of gold and silver, it presented itself at the end of 1891 as follows, at the *State Bank* :—

Old gold reserves	rbl.	210,000,000
New ,, ,, ...		75,000,000
	rbl.	285,000,000
Add deposit of the Treasury, of which a trifle in silver ...		33,000,000
Total	rbl.	318,000,000

Besides 1,125,000 roubles in silver. At the exchange of 38d. the English equivalent would come to about £50,300,000, to which sum have to be added another 92 million credit roubles, held principally in gold, as well, by the Bank in the ordinary course of business. This would be equal to about £9,200,000, so that the

grand total of gold at that time came to about £59,500,000.

This sum has been greatly increased since then, while the gold reserves at the Bank presented themselves, without the deposits of the Treasury, during the last two years as follows :—

End of 1889	£33,640,000
End of 1890	38,200,000

As regards the gold held for account of the Government, it was as follows:

End of 1889	£5,760,000
End of 1890	5,440,000

The total amount of notes outstanding at the end of last year had been, as already stated, comprising the following figures:—

Old issue	rbl. 780,000,000
Issue, according to the law of 28th July, 1891	75,000,000
Issue, according to the law of 1st January, 1881	266,000,000
Total	rbl. 1,121,000,000
Less in hand...	14,000,000
Leaving in circulation... ...	roubles 1,107,000,000

Of this amount, coming to about £110,700,000, about half, that is to say, £51,200,000, or 512 million roubles appeared at that time uncovered by gold. Under these circumstances the monetary statistics would have presented themselves at the

beginning of 1892,* let it be well understood in sterling at the exchange of 10 roubles to the £, as follows:—

Gold at the Bank	£59,000,000
Fractional currency	8,200,000
Bronze coin	1,000,000
Uncovered notes	51,200,000
Total	£119,400,000

For about 116 million inhabitants this would give about £1 per head of the population.

As to the coinage, the figures are as follows:—

	In Gold.	
From 1802 to 1878—		
Imperials	rbl.	2,075,000
Half-Imperials		827,215,000
Russian ducats		20,891,000
Dutch ,, ...		66,586,000
Total	rbl.	916,767,000
From 1879-80		67,425,000
,, 1881-82		49,879,000
,, 1883-86		99,765,000
,, 1887-91		107,880,000
Grand total	rbl.	1,241,716,000

* At the end of 1885 the old reserve of gold at the Bank came to 170 million gold roubles only, equal to about £27,000,000, together with 52 million credit roubles, consisting almost exclusively in the same metal, and held by this establishment for ordinary transactions. Taking the latter figure for the sake of comparison, at the rate of 10 roubles to the £, we would have arrived at a sum of £5,200,000, and the grand total would then have reached £32,200,000. To this figure had further to be added 2,755,000 roubles, or £400,000 deposited with the Bank for account of the Government. The total stock of gold held there at that period came, therefore, to £32,600,000, it has consequently, nearly doubled since that time. This is another example of the remarkable increase in the visible gold of a leading

		In Silver.			
From	1857-60	...	...	... rbl.	12,650,000
,,	1861-76	...	...	...	7,368,000
,,	1877-86	...	...	...	21,324,000
,,	1887-91	...	...	...	4,816,000
	Total	...	...	... rbl.	46,158,000
		In Fractional Currency.			
From	1867-72	...	...	... rbl.	27,754,000
,,	1873-78	...	...	...	28,080,000
,,	1879-86	...	...	...	23,358,000
,,	1887-91	...	...	...	8,351,000
	Total	...	...	... rbl.	87,543,000
		In Bronze Money.			
From	1879-83	...	...	... rbl.	4,690,000
,,	1884-86	...	...	...	311,000
,,	1887-91	...	...	...	725,000
	Total	...	...	... rbl.	5,726,000

SPAIN.

The country has since 1868 adopted the French monetary system, based upon a ratio of 1 to 15½. In the beginning it appeared that the Government was favouring the coinage of gold, and there was even a time, when the pieces of 5 pesetas seemed destined to play only an inferior part in the currency system of the country with legal tender

country, which should not pass unnoticed. For the sake of completing the gold statistics, it ought to be mentioned that, at the end of 1885, 22,230,000 roubles, equal to £3,560,000, were lying in the Mint of St. Petersburg for account of the Government, thus raising the grand total of the gold stock then in £36,200,000.

force of not more than 150 pesetas. At that period, gold flowed to the Madrid Mint in large quantities, which establishment coined from 1876 to 1880 not less than 800 million pesetas, in pieces of 25 pesetas principally. It is true, as much as 514 millions, consisting of old gold coin withdrawn from circulation, were sent in for re-coinages in Alphonses d'or, but the importation of new gold came to the still important figure of about 300 millions. In 1878 a tendency in favour of the coinage of silver became manifest, and from that time up to the present moment the issue of five pesetas pieces, to which as a matter of course a very large profit for the Treasury has been attached, went on merrily year by year.* It is precisely this false monetary policy on the part of the Spanish Government which has brought about the deplorable state of the foreign exchanges, which lately had risen up to 22 per cent. above their parity established in gold money.

The coinage figures presented themselves as follows :—

	In Gold.
From 1876—1885	pes. 921,654,000
In 1886	12,278,000
From 1889—1890	46,888,000
Total...	pes. 980,820,000

* See the able and interesting article of January 30th last on the subject in "*El Economista*" of Madrid, in which the continual coinages of silver money are condemned in the strongest language, and besides, a series of letters addressed by me to the "*Financial Times*," which have been reproduced by the said Madrid paper, and become the starting point for its attacks against the incorrect monetary policy as the Spanish Government.

In Silver.	
From 1870—1887	pes. 480,411,000
,, 1888—1889	107,256,000
In 1890—1891	59,900,000
Total...	pes. 647,567,000
In Fractional Currency.	
From 1869—1887	pes. 190,287,000
In Bronze Coin.	
From 1869—1887	pes. 57,199,000

From the rather considerable amount of 980 million pesetas in gold, nothing worth speaking of has remained in the circulation of the country, and the amount held by the Bank of Spain at the beginning of this year is about all what can be set down as forming the actual stock of gold of Spain herself, while about 75 million pesetas or £3,000,000 are supposed to be lying in the banks of *Cuba*, and held by the people there. In March last, however, the decision was taken to strike in the Madrid Mint about 18 million pesetas in five-peseta pieces, for the colony, and it has to be supposed that this grave measure will soon drive the more precious metal out there as well, in accordance with the *Gresham* law, which never fails in such countries.

As a matter of course, all this silver money of the five-peseta's type must still circulate in Spain, side by side with the fractional currency. The monetary statistics would, therefore, have presented themselves at the beginning of 1892 in the following way:—

Gold at the Bank	pes. 160,000,000
Silver ,, ,, ...	106,000,000
,, in circulation	540,000,000
Fractional currency	190,000,000
Bronze money	57,000,000
Uncovered bank-notes	548,000,000
Total...	pes. 1601,000,000

For a population of about 17 million inhabitants, the quota would come to 94 pesetas, and the English equivalent would be £64,000,000 and £3 15s. respectively.

THE UNITED STATES OF AMERICA.

The currency of the country has since the beginning of this century been bi-metallic, at first on the basis of 1 to 15, making silver equal to 62⅞d., and from 31st July, 1834, with a ratio of 1 to 16, or silver at 59d. per ounce standard. As a matter of course, the adoption of a ratio not at all in harmony with the then all dominating French basis of 1 to 15½, making silver equal to 60⅞d., could not satisfactorily work, and the decree of 1st December, 1873, which, in point of fact had silver simply forgotten, led practically to the adoption of the single gold standard. Thereupon a fresh discussion of the *Monetary Question* took place, and on the 28th Feb., 1878, the so-called *Bland Bill* restored the former bi-metallic system on the old basis of one to 16, making the mint price of the silver once more equal to 1 doll. 29 c. per ounce fine, or to 59d.

per ounce standard. The coinage of such dollars was however in full contrast with economical laws which do not recognise any restriction as to the issue of standard money of full legal tender force —limited to only 2 million dollars per month, and placed exclusively in the hands of the Government. A further law of the 14th July, 1890, raised this amount to $4\frac{1}{2}$ million ounces per month without however requiring their actual coinage and against simple certificates, so-called *Treasury notes*, which were declared legal tender up to any amount. The silver bought in payment thereof at the price of the day is stored away, and the notes issued against this stock are taken at par everywhere in the country.

It is needless to dwell on so absolutely wrong a monetary policy as we here have before us, and which bids defiance to all economical principles laid down for the construction of a sound monetary system in any leading country of the world. But the private interests which are at stake, and the violent agitation into the bargain, set on foot some time ago for the free coinage of silver are sure indications that no change will take place in the right direction. The country will therefore continue its false monetary policy, for which even no designation can be found, let alone a precedent in the monetary history of the world at all times, unless recourse has been had to the ugly pages thereof describing the money-clippings of certain French kings.

In the meantime, the American currency is tremendously watered by these incessant purchases of a metal which has been driven down one moment to 85 cents per fine ounce, thus representing a loss of 44 cents against the regular Mint price as fixed by law, which is, as already mentioned, 129 cents. The monetary statistics of the last few years, showing an increase of about 100 million dollars by July next of the depreciated metal, are very instructive in this respect; and this much is clear, that at the end of next year already the stock of silver will have climbed up to that of gold, should the export of the more precious metal assume about the same proportions as in 1891.*

* All things well considered, it must be said that the monetary situation of the United States is already much troubled as will be seen from the following figures:—At the end of April last the gold coin held there came to 194 million dollars, to which 80 millions in bars have to be added, so that the sum of 274 millions dollars represented the total of the precious metal, against which 176 million dollars in gold certificates were outstanding. The Treasury controlled at that time, therefore, only 98 million dollars, while the gold reserve of the legal tender notes has been fixed at 100 million dollars in gold. Strictly speaking, not even that part of the *greenbacks* is, therefore, held at present by the Government in gold, all the rest, that is to say, 246 million dollars of the paper money, 330 millions in silver certificates, 93 millions in Treasury notes, 30 millions in currency certificates, and other liabilities coming to 36 millions, can only be discharged in silver. It is true, about 22 millions in gold certificates were included at the same time in the cash in the Treasury, but part of that sum might have perhaps to be reserved for the other liabilities stated above. Anyhow, the fact that the depreciated white metal formed not less than 439 millions—divided as follows: Standard dollars, 355 millions, 15 millions in fractional currency and 69 millions in bars, while gold to the extent of only 274 millions was held—indicates already a great weakness of the monetary composition of the United States Treasury, which everybody regards as a barometer whereby to judge the development of the currency of the country generally speaking. See on the same subject as well, an article by *Senator Vilas,* in the *Forum* of May last, in which he asserts that "no long continuance of pressure for gold can be now sustained without exhausting the Government power to meet it."

This is, in point of fact, how matters presented themselves at the beginning of November, 1891, according to the *American Mint Report*:—

Gold money in the Treasury... ...	$189,600,000
,, ,, in circulation	406,800,000
,, bars in the Treasury	74,700,000
Silver dollars in the Treasury ...	347,300,000
,, ,, in circulation	62,100,000
,, bars in the Treasury	48,400,000
Fractional currency	77,300,000
Grand total	$1,206,200,000

The paper money was at the same time as follows:—

State notes	$346,700,000
Treasury notes, against silver ...	68,700,000
Gold certificates	156,900,000
Silver certificates	323,700,000
National Bank notes	172,200,000
Small State notes	11,100,000
Total	$1,079,300,000

In order, however, to deal in the same way with the American monetary statistics as I have done with regard to those of other countries, it is necessary to ascertain what amounts of the above paper money had to be considered *uncovered*. In retaining 100 million dollars, which constantly are kept by the Treasury against the outstanding *Greenbacks*, the position was then as follows:—

State notes, uncovered	$246,700,000
Bank notes, uncovered	172,200,000
Total paper money, uncovered...	$418,900,000

The totality of the monetary statistics presented themselves at the beginning of November, 1891, as follows:—

Gold money and gold bars	$671,000,000
Silver money and silver bars ...	458,000,000
Fractional currency	77,000,000
Billon money	18,000,000
Uncovered State notes	247,000,000
,, Bank notes	172,000,000
Grand total...	$1,643,000,000

This would give for 64 million inhabitants 25·70 dollars per head of the population, or £328,000,000, and £5 2s. respectively.

Further news received from *Mr. Leech* carry these data up to the 1st January, 1892, when the figures were as follows:—

Gold	$688,600,000
Silver	547,100,000
Total	$1,235,700,000

Against a metallic stock on the 1st January, 1891, of

Gold	$704,600,000
Silver	486,500,000
Total	$1,191,100,000

The loss of gold through the exports came on balance in 1891 to 33,888,000 dollars, while the value of the precious metal in the industrial arts in the same year was set down by *Mr. Leech* at 19,700,000 dollars for the United States alone. This would give a total of about 53 million dollars, against a production of only 2,169,000

fine ounces, coming to scarcely 45 million dollars. Apparently, therefore, the country has in 1891 not been able to draw from its mines what it wants in the way of a gold supply; quite on the contrary, there exists even a small deficiency.* There is even more. Can this amount set down by *Mr. Leech* for the stock of gold as held by the country and the people in some way or other really be relied upon? That is the question. No doubt the greatest care has been taken by all the Directors of the Washington Mint, and by the same excellent statistician in particular, in order to arrive at a very correct estimation of what can be held by the American people, with whom, as is well known, one never sees any gold money.

What causes me to ask this question is the fact that a *Boston* paper gives the following figures of specie held by all the National Banks of the United States on the 2nd December, 1891:—

Gold	$176,980,650
Silver	30,917,385
Total	$207,898,035

At about the same time the Treasury possessed, as we have seen, 189,600,000 dollars in gold coin, and 74,700,000 dollars in gold bars, so that a grand total of about 442 million dollars would be

* To be absolutely correct it must be stated that only 10,700,000 dollars must be considered as consumed in *new* gold in the arts.

accounted for. I cannot but hint here at the fact that about 230 million dollars must therefore be looked upon as having been held by the people, and perhaps stored away or even hoarded. The question, I think, deserves great attention, for if an error in this respect really exists, the figures brought into play before might become so displaced that quite other conclusions with regard to the watering of the currency* might be inferred from this new order of things.

As regards the coinage, it stood as follows at the beginning of this year:—

In Gold.	
From 1793 to 1890	$1532,000,000
In 1891	29,222,000
Total	$1561,222,000
In Silver.	
From 1793 to 1890	$623,746,000
In 1891	27,518,000
Total	$651,264,000
In Minor Coins	$23,946,000

* At about the middle of June last a fresh gold drainage from America has set in, without that anybody in the States could understand why the precious metal should leave the country to such an extent, in face of such a very large trade balance in their favour as existed not only at that time but all along. To me it is quite clear that the false monetary policy of the Government has a great deal to do with it, and that European capitalists withdraw their balances from the States and sell out their holdings in currency bonds in order not to be exposed to a depreciation of the American *valuta* which is looming in the future.

RESUMÉ OF THE MONETARY STATISTICS.

The following figures refer to current gold and silver money and to uncovered notes only at about the beginning of 1892:—

Countries.	Gold.	Silver.	Uncovered Notes.
Austria ...	fl. 65,000,000...	fl. 197,000,000...	fl. 601,000,000
England ...	£118,000,000...	.....	£10,000,000
France ...	fr. 3,900,000,000...	fr. 3,200,000,000...	fr. 572,000,000
Germany ...	m. 2,500,000,000...	m. 430,000,000...	m. 450,000,000
Holland ...	fl. 64,000,000...	fl. 135,000,000...	fl. 98,000,000
Italy	li. 485,000,000...	li. 81,000,000...	li. 847,000,000
Russia... ...	£59,500,000...	.....	£51,200,000
Spain	pes. 160,000,000...	pes. 646,000,000...	pes. 548,000,000
United States...	doll. 671,000,000...	doll. 458,000,000...	doll. 419,000,000

The figures for fractional currency and billon-money were as follows:—

Countries.	Fractional Currency.	Billon-money.
Austria	fl. 40,000,000	fl. 14,000,000
England	£26,000,000	£1,900,000
France	fr. 280,000,000	fr. 280,000,000
Germany	m. 457,000,000	m. 57,000,000
Holland	fl. 7,600,000	fl. 1,800,000
Italy...	li. 150,000,000	li. 75,000,000
Russia	£8,200,000	£1,000,000
Spain	pes. 190,000,000	pes. 157,000,000
United States ...	doll. 77,000,000	doll. 18,000,000

With regard to the *total circulation*, or rather the stock of the different media of circulation in these countries, the figures presented themselves at about the beginning of 1892 in the following way in sterling:—

Countries.	Population.	Total Circulation.	Per capita.
Austria ...	41,000,000 ...	£75,300,000 ...	£1 16s.
England ...	38,000,000 ...	156,700,000 ...	4 2
France ...	38,000,000 ...	322,700,000 ...	8 6
Germany ...	50,000,000 ...	194,400,000 ...	3 18
Holland ...	4,500,000 ...	25,500,000 ...	5 14
Italy ...	30,000,000 ...	66,400,000 ...	2 4
Russia ...	116,000,000 ...	119,400,000 ...	1 —
Spain ...	17,000,000 ...	64,000,000 ...	3 15
United States	64,000,000 ...	328,000,000 ...	5 2

In other words, the total circulation of money in its different forms would have reached in these 9 countries the grand total of £1,352,000,000, which sum spread upon 398 million inhabitants would give £3 5s. as an average per head of the population.

CHAPTER X.

COMPARATIVE MONETARY STATISTICS.

After having fully considered the monetary situation of the leading countries at the beginning of 1892, it may be of interest, for the sake of comparisons, to glance at the same state of things at a former period. For this purpose I single out the end of 1885, the time when I had treated monetary statistics of this sort first and in a systematic manner in my work "*L'Histoire monétaire de notre temps.*" The care I had then bestowed on this difficult subject has met with general approval, with all that, some corrections of the figures published in this work* have become necessary in the meantime, and I place now these monetary statistics once more before the reader in the following manner:—

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* As the above work is out of print since some years already and will not be republished, the recapitulation of the figures which I had been able to establish in 1885 will not be thought amiss. The greater part of them has, besides, reappeared in my work, "*Arbitrages et Parités*," Paris, 1887, but then no corrections had been made. In the meantime I have come to the conclusion that both the estimates for gold and silver set down for *France* had to be modified on account of the ransom paid to Germany in metallic money, coming as it did to 240 million francs in silver, and to 270 millions in gold.

Countries.	Gold.	Silver.
Austria	£8,000,000 ...	£12,000,000
Belgium	11,000,000 ...	10,000,000
England	110,000,000 ...	...
France	160,000,000 ...	140,000,000
Germany	92,000,000 ...	21,000,000
Holland	5,000,000 ...	13,000,000
Italy	22,000,000 ...	4,000,000
Portugal	9,000,000 ...	...
Russia	36,000,000 ...	1,000,000
Scandinavia	5,000,000 ...	...
Spain	19,000,000 ...	17,000,000
Turkey	15,000,000 ...	7,000,000
Other countries ...	8,000,000 ...	6,000,000
Total for Europe ...	£500,000,000 ...	£231,000,000
United States ...	130,000,000 ...	45,000,000
Australia	22,000,000 ..	...
Grand total ...	£652,000,000 ...	£276,000,000

Countries.	Fractional Currency.	Uncovered Paper Money.
Austria	£2,800,000 ...	£40,200,000
Belgium	1,400,000 ...	10,500,000
England	21,600,000 ...	12,000,000
France	10,000,000 ...	27,000,000
Germany	22,200,000 ...	25,000,000
Holland	600,000 ...	5,000,000
Italy	6,800,000 ...	34,000,000
Russia	7,600,000 ...	52,600,000
Spain	7,200,000 ...	12,100,000
Scandinavia	2,200,000 ...	5,500,000
Turkey	2,000,000 ...	...
Portugal	2,000,000 ...	1,000,000
Other countries ...	4,800,000 ...	8,400,000
Total for Europe ...	£91,200,000 ...	£233,300,000
United States ...	15,600,000 ...	64,900,000
Australia	1,500,000 ...	...
Grand total ...	£108,300,000 ...	£298,200,000

In recapitulating the foregoing figures, we find the following monetary situation in 1885:—

Total gold stock	£652,000,000
,, silver ,, ...	276,000,000
Fractional currency	108,000,000
Uncovered paper money	298,000,000
Grand total ...	£1,334,000,000

We come now to the beginning of 1892, at which time the total stock of money in all its different forms in Europe, in the *United States* and in *Australia* presented itself as follows:—

GOLD COIN AND BULLION.

(*a*) In *Bi-metallic Countries*—		
In circulation ...	£274,000,000	
,, banks and treasuries	219,000,000	
		£493,000,000
(*b*) In *Gold Countries*—		
In circulation ...	£87,000,000	
,, banks and treasuries	122,000,000	
		£209,000,000
(*c*) In *Austria*—		
In the Bank		£5,000,000
Grand total of gold ...		£707,000 000

SILVER COIN AND BULLION.

(*a*) In *Bi-metallic Countries*—		
In banks and treasuries	£166,000,000	
,, circulation ...	154,000,000	
		£320,000,000
(*b*) In *Austria*—		
In the Bank	£14,000,000	
,, circulation ...	3,000,000	
		£17,000,000
Grand total of silver ...		£337,000,000

FRACTIONAL CURRENCY.

In bi-metallic countries	£70,000,000
,, gold ,, ...	29,000,000
,, Austria ,, ...	3,000,000
Grand total of fractional currency	£102,000,000

UNCOVERED PAPER MONEY.

In bi-metallic countries	£212,000,000
,, gold ,, ...	80,000,000
,, Austria	50,000,000
Grand total of paper money ...	£342,000,000

Resuming all these figures, the total of the monetary circulation in these countries would have presented itself at the beginning of 1892 as follows:—

In gold coin and bullion	£707,000,000
,, silver ,, ,, ,, ...	337,000,000
,, fractional currency	102,000,000
,, uncovered paper money	342,000,000
Grand total of circulation...	£1488,000,000

Distributed amongst a population of, say, 430 million inhabitants, the quota per head would present itself as follows:—

In gold money	£1 13 0
,, silver	0 15 6
,, fractional currency	0 5 0
,, uncovered paper money	0 16 0
Total.	£3 9 6

This is the way in which I establish the monetary circulation of what may be called

the civilized world in the beginning of 1892. As regards *Europe* alone, the following citation of estimates of the stocks of gold and silver at different periods may perhaps be of some interest:—

In 1500, according to *Emile de Laveleye*	£80,000,000
At the end of the sixteenth century, according to *Jacob*	130,000,000
At the end of the seventeenth century, according to *Jacob*	300,000,000
At the end of the eighteenth century, according to *Newmarch*	400,000,000
At the end of the nineteenth century, according to *Xeller*	520,000,000
My corrected estimate for 1885 ...	1030,000,000
„ new „ „ 1892 ...	1150,000,000

The following estimates refer to gold and silver, separately given, in the western world:—

	Silver.	Gold.
In 1847, according to *Xeller*...	£200,000,000	£320,000,000
„ 1865 „ „	280,000,000	530,000,000
End of 1885, my corrected estimate	380,000,000	650,000,000
Beginning of 1892, my new estimate	440,000,000	710,000,000

All things well considered, I am of opinion that the figures of *Xeller*, which appear to me as having been given more or less at random, and anyhow without any details, let alone without indicating the manner how they have been obtained, must be received with great caution. At the same time I observe a certain carelessness in these statements, as the total of gold and

silver at the end of the nineteenth century is figuring again for the year 1847.

Be this as it may, I do not wish to make any of these old statistics the starting point of further remarks with regard to the increase in the volume of gold in the hands of man for currency purposes, since the time when the Californian and Australian mines brought about this enormous plethora of the precious metal. My own figures, on the other hand, although only comprising six years, but on the other hand, established with the greatest care, as far as *Europe*, the *United States* and *Australia* are concerned, may well, however, serve as a guidance in this respect. This much they certainly show, that the augmentation of the stocks of gold in that part of the world has come to, say, 60 millions sterling, giving an average increase of, say, 10 millions per year from the end of 1885 to the beginning of 1892. Here we have once more before us this very same estimate of mine of the annual net addition of gold about reaching $10\frac{1}{2}$ millions sterling* to the actual stocks during these last times, while I have even arrived at this result, that in 1891,

* See page 11, where this very figure of $10\frac{1}{2}$ millions sterling has appeared for the first time in this book. I had then found it as the result of quite different a combination, and the fact that it presents itself again now, so to say, by itself, and apparently with a great deal of correctness, out a mass of statistics, the main part of which cannot but prove about exact, is strange, very strange indeed. I had certainly nothing whatever prepared to that effect, and as the Americans say, "*figures don't lie.*" This coincidence of facts and figures leads me to the belief that in this way an excellent control has indeed been obtained over the output of the mines of the world on one side, and over the industrial consumption of the other.

the available supply for monetary purposes alone could not have fallen short of nearly 12 millions sterling.

I lay particular stress upon facts and figures of this kind, for more than one reason, and especially on account of the attitude taken up in the matter by the author of the already cited excellent work of *Professor Suess*, in which he speaks of the approaching moment when the production of the precious metal, gold, will be entirely consumed by the arts, etc. But in the meantime he has even gone a step further. In his otherwise quite remarkable speech on the Currency Reform in the *Austrian Reichsrath* of May 25th, he has in point of fact tried to prove that during the last forty years not only 6 milliards of marks, or, say 300 millions sterling, had been consumed out of a production of 14 milliards of marks, or, say 700 millions sterling, but that even the whole apparent, or rather pretended and anyhow uncontrollable stock *(sic)* had been more or less exhausted by the industrial use of the precious metal. This is strange language indeed, and deserves to be refuted; at all events I by no means admit an alleged increase of late in this way, and I am even of opinion that, in France,* in Germany, and in

* While the above was in the Press, I receive further most valuable information from different parts with regard to the industrial consumption of gold during last year. According to careful researches made by one of the leading Paris Refineries, the total sales of gold bars furnished to goldsmiths, etc., came to about 20,000 kilos of fine

Switzerland especially, the annual consumption in arts is now rather decreasing to a slight extent, while in the United States it represented from 1889 to 1890 only the insignificant augmentation from 13,623,935 to 14,605,901 dollars. It is certainly not with figures of so little importance as the one before us, that milliards of marks can be conjured away from the actual circulation of the leading countries of the world. Do we not observe that in France and in Germany all the canals of intercourse are saturated downright to overflowing with gold money since ever so long, that all the leading mints receive—apart from old material for re-coinage—new gold year by year in quite extraordinary quantities, and that no bullion-merchant in Europe, except perhaps in *England*, has rarely ever destined a 20 franc piece, a German crown, or a Dutch 10 florin piece, to the melting-pot in order to furnish the goldsmiths with bars for the use in arts, etc. And if, in case of need, such practise really had been had recourse to by some outside dealers, what does this mean in presence of the fact that the *gold refineries*, properly speaking, of the leading countries

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gold, of which 20 per cent. have to be deducted for old material, so that 16,000 kilos of new gold remain over. As more than 3,000 kilos have been sent to Switzerland, no greater quantity than, say 12,500 kilos at the utmost can be reserved for *France*. *Mr. Lacroix*, the Director of the Refinery of Geneva, writes me that the use of gold in Switzerland has decreased from 9,800 to about 6,000 kilos fine from 1890 to 1891. A German Refinery lays likewise particular stress on the perceptible decline in the quantity of gold bars furnished to manufacturers. All things well considered, I am of opinion that the *maximum* set down by me, page 11, for the industrial consumption of gold, *viz.*, 90,000 kilos fine, has not been reached in 1891.

where coinage charges cling to the coin and have to be taken, as a matter of course, into consideration, dare not even take such pieces from the circulation in the ordinary course of their business?

The question now arises whether other countries than those dealt with above should be comprised in the tables of monetary statistics. I must openly confess that there is scarcely a necessity for doing so, as there the establishment of figures is often really mere guess-work only. Yet, for the sake of completeness, the following data may be given for the year 1885, as far as current money is concerned:—

Countries.	Gold.	Silver.
Algeria... ...	£2,000,000 ...	£1,600,000
Dutch Colonies	200,000 ...	16,000,000
Japan	9,000,000 ...	7,200,000
Haiti	... ...	400,000
Canada ...	3,200,000 ...	...
Cape of Good Hope	6,800,000 ...	...
Egypt	27,000,000 ...	...
Argentine ...	3,000,000 ...	...
Cuba	4,000,000 ...	...
China	... ...	150,000,000
India	... ...	160,000,000
Straits Settlements	... ...	24,000,000
Bolivia... ...	... ...	600,000
Columbia ...	... ...	900,000
Chili	... ...	900,000
Mauritius ...	... ...	800,000
Mexico... ...	... ...	10,000,000

In the meantime the following changes have to

be noticed. *Japan* has been raising the coinage of silver yens from the establishment of the Mint in December, 1870, up to 1889-90, from the above figure to 69,202,612 yens, equal to, say £10,400,000, while the total amount issued of gold money came to 61,500,000 yens, or say £12,300,000. Copper and nickel coins to the extent of 14,518,000 yens were likewise coined. *Egypt* had about £158,000 coined in fractional silver currency. The coinage of *India* from 1885-86 to 1890-91 came to about 444 million rupees, so that the above total of, say 2,000 million rupees would be raised to about 2,400 million rupees, or say £180,000,000. The net import of silver from 1835 to 1891 reached the enormous sum of 3,280 million rupees, or say £196,000,000. *Tunis* has had new gold money to the extent of 12 million francs, or say £500,000 and $3\frac{1}{2}$ millions, or say £140,000 in fractional currency coined. The import of silver in the *Straits Settlements* from 1886-91 has come to £6,628,000.

This is about all what can be said about the monetary statistics of these countries. Others, like Brazil, Uruguay, the Argentine Republic, Peru, etc., have no metallic circulation any more, and consequently deserve no special notice in this book. No information can be obtained from *Persia*, which has the single silver standard and is coining gold only as commercial money.

CHAPTER XI.

CONCLUDING REMARKS.

The records of the monetary statistics bring me to the final part of the study of the *Monetary Question*, the different sides of which have been discussed by me in the way they present themselves at the present moment, and after the breakdown of silver in 1890 and later on. As apparently, against this depreciation of the white metal down from $54\frac{5}{8}$ to about 39d.* per ounce

* This price, representing a ratio of 1 gold to 24·18 silver, is generally considered the lowest ever known since the world exists. In ancient times the so-called silver talents of the Persians, Romans, and Greeks, and the silver *shekels* of the Jews, showed, as compared with certain gold coins of the various periods, a ratio varying from 1 gold to 10 silver to from 1 to 13. In other words, silver had been valued from 71d. to 94d. per ounce standard. So much for the history of the white metal, according to statements of Herodotus and other writers of the ages of antiquity. From a careful study of the *Old Testament*, it appears, however, that at times even the present depreciation has been greatly surpassed. In point of fact in the first *Book of Kings*, tenth chapter and 21st verse, the following passage may be read:—"And all King Solomon's drinking vessels were of gold, and all the vessels of the house of the forest of Lebanon were of pure gold; none were of silver. It was *nothing* accounted of in the days of Solomon." And verse 27th says:—"And the King made silver to be in Jerusalem as stones, and cedars made he to be as the sycamore trees that are in the vale for abundance." The student of the *Holy Writ* who has communicated the above passages to a leading Vienna paper, adds that the white metal at the time of the splendour of King Solomon was hopelessly depreciated, and that the King of Zor (Phœnicia), who was friendly with Solomon, was possessed of richer silver mines than America can boast of at the present time. He further states that Jerusalem was literally flooded with the valueless metal, and that without the least doubt the present depreciation has been greatly exceeded at the above-mentioned period.

standard in England, and from 120 to 85 cents. per ounce fine in the United States, no event of any moment, can be brought into play as a set off, the battle of standards must be really considered as fought out, and silver as having been finally defeated. With this fact before us, the monetary policy of the great countries to be followed up in future is clearly traced, and gold must everywhere become the metal *par excellence* with the leading nations. In other words, illusions as to the efficacy of a joint arrangement for the rehabilitation of the white metal on a basis established in an artificial manner, must be dropped, and monetary conferences must not more be called together to solve a problem for which there really is no solution.

What, I ask again, is the good of such conferences, which have failed one after the other; to begin with the famous *International Monetary Conference* of *Paris*, in 1867, which comprised eight sittings, and culminated in the merely platonic adoption of the principle of the single gold standard and the franc system; and to end with the conference held during the Paris Exhibition of 1889, which, strange to say, took almost the same turn. The matter of the fact is, that then a number of delegates had come together representing nearly all the leading nations of the world, in this gay city of Paris, and held a number of meetings for the sake of doing something for silver, and that the very first and

the very last orator proved, facts and figures in hand, that there was no other salvation than the adoption of the single gold standard for all the leading countries, bi-metallic France even included, where the rôle the five-franc pieces had played since should cease, and these pieces be degraded to a sort of internal money, with limited legal tender force up to, say 500 francs only. Confounded as the bi-metallists were at the very outset at hearing such language at a meeting apparently called together for the sake of rather extolling the cause of the double standard by French economists, their bewilderment became really intense when the famous *Professor Passy* rose, and in a speech unparalleled in force of expression, in richness of language, and in convicting persuasion condemned the very principle of bi-metallism as contrary to the rules of science, practical experience, and last, not least, to the very laws of nature. These laws which never would allow that the axiom of the greatest moving power on earth, that of offer and demand, were violated for any length of time, carried greater weight along with them than the intervention of Governments with all their combinations, never mind how ingeniously imagined. Never have words pronounced on such an occasion made so profound an impression on any assembly of economists and men of business. The effect of *Mr. Passy's* speech was downright overwhelming, and none of the members of the

conference dared to take the subject up anymore in one sense or the other. The sitting of the day had even to be closed without further discussion, and the quintessence of the whole *Monetary Conference* of 1889 was the clear perception that even in France the principle of the bi-metallic system had been shattered to pieces, and condemned as incapable of being upheld in the long run by one of the greatest authorities of this same country, where it had been existing for nearly a hundred years.

As to England, the rôle she has played on this occasion is very instructive, as well indicating as it did what has to be expected from that quarter, should much, nay *all* be done in a bi-metallic way on the Continent. The English delegates had officially been instructed to declare that the *Bank of England* would be allowed by the Government to buy and hold a certain amount, about the fifth of its metallic reserves, in silver, in the case the Continental States were re-opening their mints to the free (*sic*) coinage of silver. This very same declaration has since been repeated by the Chancellor of the Exchequer, *Mr. Goschen*, and has once again as then created the greatest astonishment, not to say stupefaction, mingled in France, in Belgium, and in Germany, with feelings of bitterness.

How, I ask everybody acquainted with the subject before us, can France, with her 3,200,000,000 fr. in 5 fr. pieces alone, a sum

already much in excess of the wants of that country, as far as silver money* is concerned, accede to such a proposal, and what can little *Belgium* answer if such a question were put to her? Why, the Brussels Mint has, as we have seen, coined not less than 495,000,000 fr. in 5 fr. pieces, of which at least 400,000,000 fr. are outstanding at this very day! Of this enormous amount for so small a country, perhaps 300,000,000 fr. have emigrated to France, and the Bank of France holds, as likewise stated before, since many years already, about 204,000,000 fr. of such money, packed and ready for delivery at any moment. And how could *Germany* be won to such a Bi-metallic Union with free coinage of silver—that very same country which has sacrificed untold millions in order to get rid of its surplus of the metal for which henceforth there was no further use?

But there is even more. In the meantime *Austria - Hungary* has placed the regulation of her currency on the order of the day, and the Government as well as the public have openly declared themselves in favour of the adoption of

* In his speech of May 31st in the Chambers, *Mr. Rouvier*, the French Minister of Finance, took good care to lay particular stress on the fact that France had already the largest circulation of silver money in the world, coming as it did to between 3,000 and 3,500 million francs. This figure represents by the by about my own estimate, and it is remarkable indeed that it should have been chosen in preference to the statement of *Mr. de Foville*, Chief of the statistical office of the Ministry of Finance, who insists, as is known, upon only 2,000 million francs in silver money of the five-franc type at the utmost. None of the other speakers on the Silver Question went below 3,000 million francs, which had indeed to be considered as a minimum.

the single gold standard. In *Holland*, too, some time ago, a law has been voted to demonetise and to sell 20 million florins in $2\frac{1}{2}$ fl. pieces against gold. In none of these countries does there exist, therefore, the least desire to increase the amount of silver money in circulation; quite on the contrary, Belgium, Germany, Austria, and Holland are desirous to sell part of their stock, while *Italy* as well would like to get rid of her 37 million lire in demonetised Bourbonic piastres which are of no use at all to her.

The opening of the Continental mints to the free coinage of silver is, therefore, out of the question, and even a sort of "*Contingency system*," as adopted during some years by the States of the *Latin Union*, would suit none of the above-named countries. How, then, can such a proposal as here is made by England, further bi-metallic tendencies anywhere on the Continent to any appreciable extent? It is a sheer impossibility to treat on such terms even with France alone, desirous, as certainly she is, to see something done in favour of the white metal, let alone the other countries.

The idea, therefore, to rehabilitate silver by means of the creation of an *International Bi-metallic Union*, must needs be abandoned, as proved by me over and over again, and no other course is left open than the contemplation of a change in the monetary system of *India*, to begin with the *suspension of the silver coinage for private*

parties there. No doubt the effect would be the same as in *Austria-Hungary*, and it cannot be said that this country has badly fared thereby. In India, however, the British Government would still have a better control of the development of the price of the rupee than was the case in Austria with regard to the foreign exchanges, as the London silver market might in times be entirely regulated by the purchases of the metal on the part of the India Council for coinage purposes when thought fit. And should it not be so? Should not the 17,000,000 sterling in Council Drafts rather dictate the price of the rupee than some thousand ounces dealt in in New York or in London at such and such a day? In the course of this year, silver has fallen to 39d. and the rupee to about 1s. 3d., apparently on the strength of the development of the prices of the metal, whose shipments to India came only to £2,500,000 by the end of May. In the whole year of 1891, only £4,462,000 of the white metal were sent from England to India, against the enormous amount of more than £16,000,000 drawn in Council Bills. The discrepancy between the shipments of silver and the Drafts sold strikes the eye—really in this direction alone lies the possibility for securing a remedy against these endless and enormous fluctuations of the Indian exchange, and the unheard-of depreciation of the rupee.

No doubt silver would then further fall, and a

certain commotion would be observable with regard to the intercourse and the commerce with other silver using countries, principally with *China* and the *Straits Settlements*. But that cannot be helped, and the British Government would certainly take good care that the Bazars would remain open for silver, and that in case of need, purchases would be affected there for the Mints of Bombay and Calcutta. For this reason it might be that the rate of the Indian exchange could be nailed down, so to say, for good, and that this desideratum could be obtained at a level not too distant from the arbitrated price of silver in London or in Calcutta as the case may be. And that would be all that is really wanted. Anyhow, if something must be done for the white metal, or rather for the Indian exchange, it lies in this direction only. The artificial raising of the price of silver through international arrangements really impossible to bring about, or to carry properly through, cannot any more be thought of after what has happened, and the rupee alone must now be saved from fluctuations, and from further depreciation.

Certainly this is no easy task either, and well I know the difficulties which will present themselves at a given moment, and of which some will certainly give a deal of trouble; but of two evils the minor one must be chosen, and, as I said already, *aux grands maux les grands remèdes !*

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